



Safe and sustainable

GANESHA ECOSPHERE LTD. | 24TH ANNUAL REPORT 2012-13

Forward-looking statement

In this Annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Safe and Sustainable.
Not just a phrase.
But the business model of
Ganesha Ecosphere Ltd.
The result: 12.9% revenue
growth and 16.5% increase
in profit after tax
in the challenging
2012-13.

Green business is good business.



Ganesha Ecosphere recycles more than 2.42 bn PET bottles annually. Saving 0.3 mn cubic yards of land filling space, 87 mn pounds of crude oil and 65 mn kgs of carbon emission.

The result: the Company increased revenues at a CAGR of 26% in the five years leading to 2012-13.

Lineage

Ganesha Ecosphere Ltd. was established in 1987 as Ganesh Polytex Ltd. and started manufacturing polyester staple fibre from 1995 (and renamed in 2011). The Company is engaged in processing PET waste into recycled polyester staple fibre and yarn. The Company is headed by Mr. Shyam Sunder Sharmma (Chairman and Managing Director), who is assisted by an experienced and professional management team.

Location

The Company is headquartered in Kanpur (Uttar Pradesh). The manufacturing facilities are located in Kanpur and Rudrapur (Uttarakhand). The spun yarn manufacturing facility is being commissioned in Bilaspur (U.P.). The Company has a strong network of 25 raw material collection centres across India. The Company's equity shares are listed on the Bombay Stock Exchange with a market capitalisation of ₹61.35 crore as on 31st March, 2013.

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.

Mission

- ▶ To be a high performance organisation 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.

Values

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





	Recycled polyester staple fibre (RPSF)	Dyed texturised/twisted filament yarn
Raw material	Post consumer PET bottle waste and other kinds of industrial polyester waste	POY/FDY and grey texturised yarns
End use application	Textile sector ▶ Spun yarn ▶ Hosiery yarn ▶ Blended woolen yarn Industrial sector ▶ Stuffing in toys, furniture, pillows, quilts, mattresses, and other comfort products ▶ Non-woven carpets and fabrics ▶ Filter fabrics ▶ Medical and packaging textile ▶ Geo textiles ▶ Paper and construction industry ▶ Other non-woven/technical textiles	Textile sector ▶ Fabrics, sarees, dress material ▶ Upholstery and furnishing ▶ Sewing threads ▶ Cords etc.
Product range	▶ Textile grade fibre (1.5-3 denier) ▶ Trilobal fibre ▶ Coarse fibre denier (5-80 Dn) ▶ Silicon fiber ▶ Hollow fiber (two dimension) ▶ Hollow silicon fibre ▶ Conjugated fibre ▶ Hollow conjugated fibre ▶ Dope dyed fibre (three dimension) ▶ Fire retardant fibre ▶ Anti-microbial fibre ▶ Dope dyed fibre ▶ Short cut fibre (3-4 mm)	▶ Grey texturised ▶ Grey twisted/doubled ▶ Dyed texturised ▶ Dyed twisted ▶ Dyed doubled/multifold ▶ Dyed flat yarn ▶ Dyed fancy yarn ▶ Over 800 colour/shades

Revenue growth
12.93%
Over 2011-12

PET bottles recycled
Approx **8 mn** daily
In 2012-13

Gross block
₹246.27 crore
As on 31st March, 2013

Market capitalisation
₹61.35 crore
As on 31st March, 2013

Employee base
1,059
As on 31st March, 2013

Safe and sustainable business... reflected in our performance

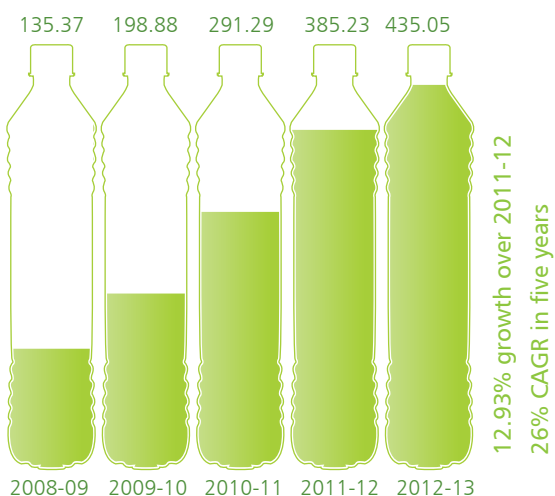
Operational highlights, 2012-13

- Increased production 8.20% from 43,671 tonnes in 2011-12 to 47,252 tonnes

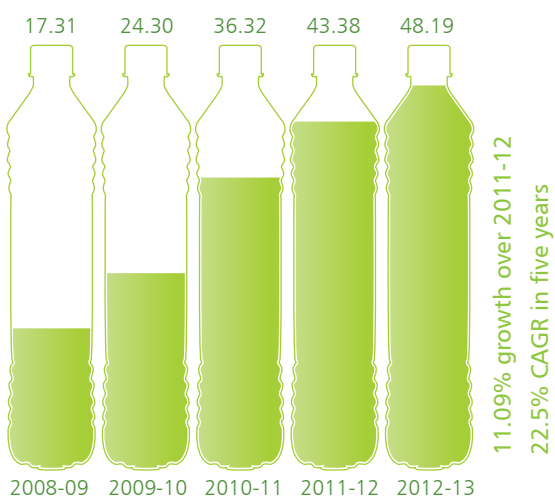
Financial highlights, 2012-13

- Revenue increased 12.93% from ₹385.23 crore in 2011-12 to ₹435.05 crore
- EBITDA increased 11.09% from ₹43.38 crore in 2011-12 to ₹48.19 crore
- Profit after tax increased 16.53% from ₹20.69 crore in 2011-12 to ₹24.11 crore
- Cash profit increased 12.28% from ₹31.69 crore in 2011-12 to ₹35.58 crore

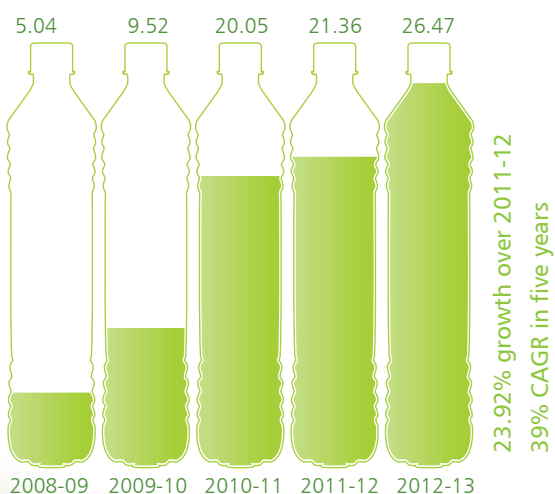
Revenue (₹ crore)



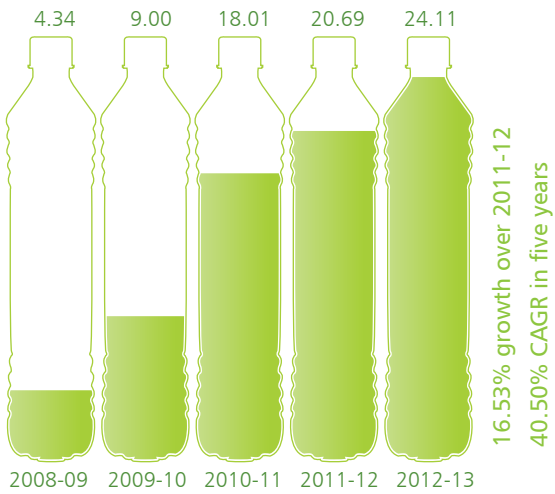
EBIDTA (₹ crore)



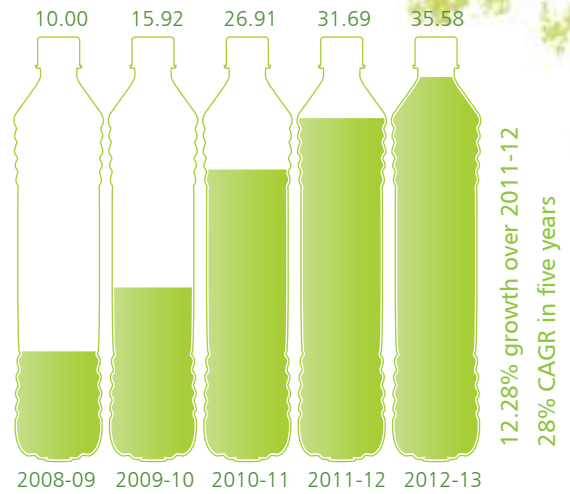
PBT (₹ crore)



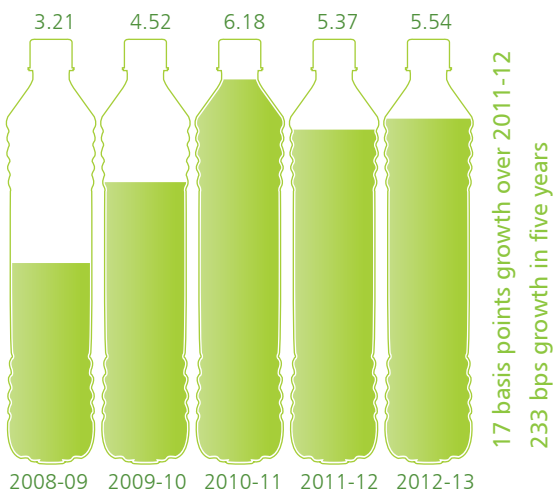
Post-tax profit (₹ crore)



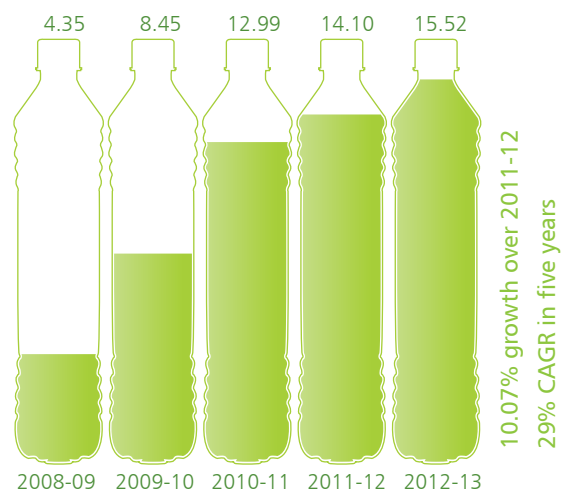
Cash profit (₹ crore)



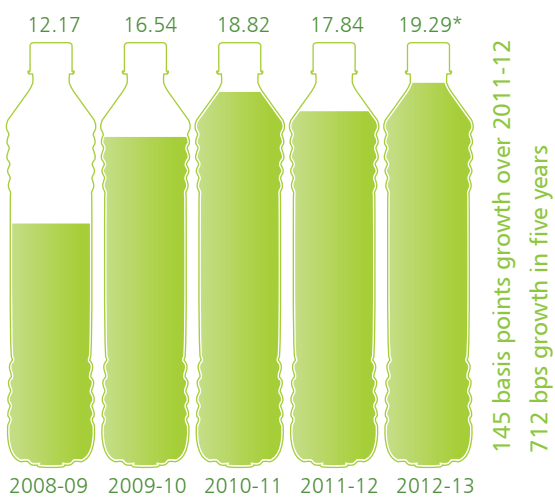
PAT margin (%)



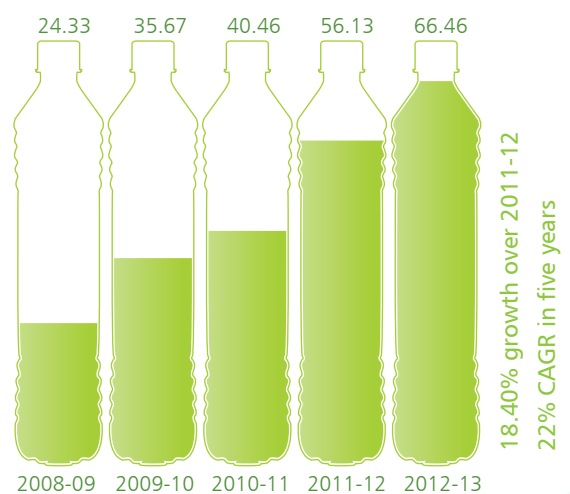
Earnings per share (₹)



ROCE (%)



Book value per shares (₹)



*Excluding capital employed to the ongoing expansion project, which would be operational in the next financial years.

"We countered growing competition through enhanced customer proximity, product customisation and innovative solutions"



Dear Shareholders

The year 2012-13 was one of the most challenging in recent memory, India recording its slowest GDP growth in a decade due to muted export growth, high interest rates, inflation and lower infrastructural investments.

These challenges also extended to our sector in the form of rising raw material costs and growing competition. I am pleased to state that we addressed the rise in raw material costs through enhanced production efficiency, de-bottlenecking and higher capacity utilisation. We countered growing competition through enhanced customer proximity, product customisation and innovative solutions. These are the result of our various initiatives during the year under review:

- ▶ Enhanced production 8.20% over 2011-12
- ▶ Increased revenues 12.93% over 2011-12
- ▶ Enhanced net profit 16.53% over 2011-12.

Supply side economics

Internationally, PET has emerged as a preferred packaging medium with large consumer product companies shifting from conventional packaging forms to PET and recycling PET as part of their corporate responsibility.

India generates significant amount of PET waste every year. Interestingly, PET demand in India is estimated to be around 1,309.3 thousand tonnes by 2016 while recycling capacity is presently estimated at around 4,00,000 TPA, creating an attractive business opportunity. Besides, even as the global per capita PET consumption is 2.3 kg, the corresponding figure in India is only 0.3 kg, indicating a growing room not only for PET consumption but for also recycling.

There is another case for the growing potential of this business. PET bottles take a number of years to decompose, which rules out land filling as this could pose a serious threat to the environment. So even as we have the

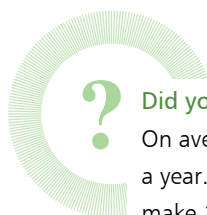
prospect of rising PET consumption on the one hand, we have a greater consensus that PET recycling is indeed the sustainable road ahead.

In India, we are attractively placed with around 75% of waste PET bottles getting collected, second only to China's 90% collection rate. This scenario secures our raw material supply side, strengthening our sectoral viability.

Demand side economics

At Ganesha Ecosphere, we utilise waste PET bottles to manufacture polyester staple fibre. The dynamics related to PSF are influenced by the broader textiles universe including the availability and pricing of cotton and competing raw materials.

Though cotton is the dominantly consumed fibre in India, the share of cotton in total fibre consumption showed a decline from 74% in FY09 to 59% in FY11. Correspondingly, the share of man-made fibres is growing and likely to touch an estimated 45% by FY17 of the overall fibre consumption.



Did you know?

On average, a U.S. household uses 45 pounds of PET plastic bottles and jars in a year. If these were recycled, they would yield enough recycled PET fiber to make 12 dozen T-shirts or carpet a 12'X15' room. (Source: PETRA)

This growing consumption of polyester provides a credible demand side scenario for the country's PET recycling business.

Our competitive positioning

At Ganesha Ecosphere, we are attractively placed to capitalise on the prospects of our business for some good reasons.

We possess the largest recycled PSF capacity in India translating into attractive economies of scale and in turn having a sizeable market share.

By the virtue of having been among the first players in India's PET recycling industry, we now possess strong R&D and a portfolio of customised products.

The road ahead

At our Company, we are seized with the prospect to graduate into a higher league.

We are taking a number of initiatives to

drive revenues and enhance profitability through various initiatives.

One, we are increasing our RPSF capacity in a phased manner from 57,600 TPA to 87,600 TPA by FY 2015. We are optimistic that this increase will help us to enhance market share significantly in the next couple of years building into projected revenues of more than ₹700 cr at full expanded capacity utilisation.

Two, we are commissioning a 7,200 MTPA spun yarn capacity at Bilaspur in 2013-14. Previously, the Company was outsourcing the conversion of recycled PSF to spun yarn but following the commissioning of the captive unit, the Company will be better placed to enhance product value and margins significantly.

Three, we prudently managed our long-term debt and our long-term gearing of 1.22 providing room for additional borrowings.

Outlook

Following buoyant demand for the textile industry in India and the Planning Commission's projected 8% growth for the sector during the Twelfth Five Year Plan, we expect that demand for recycled fibre demand will remain robust with significant addition to the topline and bottomline of the Company.

On behalf of the Board of Directors, I would like to thank our stakeholders especially our equity investors for staying invested. All our efforts are aimed at generating sustainable growth, which in turn is expected to enhance shareholder value.

Regards,

Shyam Sunder Sharmma
Chairman

Increasing capacity (tonnes)

	2011	2012	2013	2014E	2015E
RPSF	57,600	57,600	57,600	66,600	87,600
Spun yarn	-	-	-	7,200	7,200
Dyed yarn	2,400	2,400	3,000	3,000	3,000





Safe and Sustainable... creating a better world.

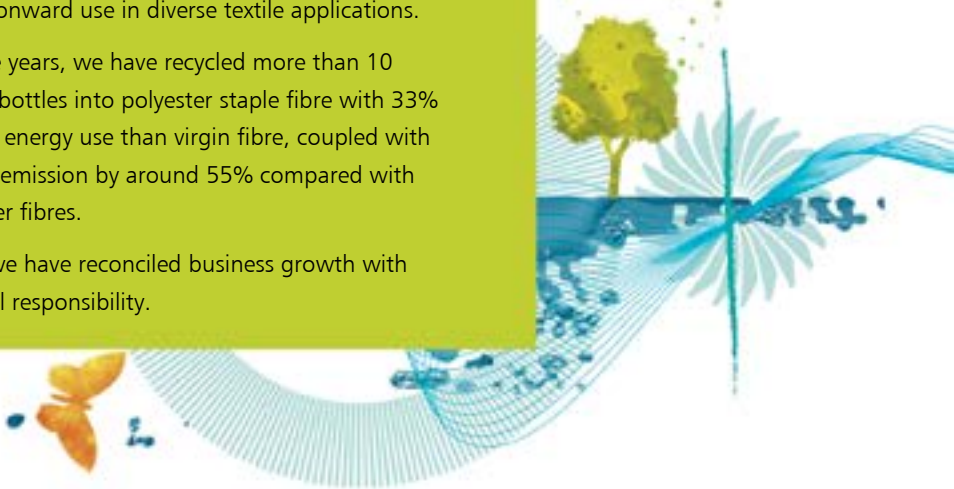
Ganesha Ecosphere's business model transforms waste into wealth.

PET has emerged as one of the most popular packaging materials on account of its hygiene, strength, lightness, durability, inertness, economy, attractiveness and freshness retention. If PET waste were landfilled, the slow decomposition would lead to subterranean contamination.

Ganesha Ecosphere's business is to recycle PET waste into fibre for onward use in diverse textile applications.

In the last five years, we have recycled more than 10 billion of PET bottles into polyester staple fibre with 33% to 53% lower energy use than virgin fibre, coupled with lower carbon emission by around 55% compared with virgin polyester fibres.

In doing so, we have reconciled business growth with environmental responsibility.





Safe and Sustainable... creating value for our shareholders

Ganesha Ecosphere's unique business model enhances shareholder value on the one hand and environment integrity on the other.

PET consumption is growing at 7.8% (*Source: SBA-CCI, May review, 2013*) annually, enhancing raw material availability. On the other hand, polyester staple fibre consumption is on the rise, catalyzing the Company's offtake.

Ganesha Ecosphere expects to rise above the competitive clutter of the marketplace through two initiatives.

One, the Company is increasing RPSF capacity, strengthening economies of scale with the objective to enhance competitiveness and market share.

Two, the Company's decision to manufacture spun yarn will enhance value to the end product and extend the value chain.

The result: Earnings per share increased 10.07% in 2012-13 over the previous year, emphasising that what is good for citizens is good for our shareholders as well.



Business model

Scale

In the competitive business of PET waste recycling, the Company progressively invested in proactive capacity investment and emerged as the leading PET waste recycling organisation in India. Over the years, this has facilitated economies of scale and enabled adequate volume availability for customers. Going ahead, the Company is increasing its RPSF capacity further.

Value-addition

In the competitive business of PET waste recycling, value-addition makes it possible to graduate realisations beyond the commodity end of the business. The Company enjoys superior realisation over the prevailing average. The Company's R&D team successfully commercialised various products in the last five years. As a result, the Company's average realisation increased from an average ₹59.72 per tonne in 2008-09 to ₹89.24 per tonne in 2012-13.

Sectoral presence

In the competitive business of PET waste recycling, it is imperative to secure raw material access on the one hand and end markets on the other. The Company works with a number of raw material aggregators across the country that has helped it collect a growing quantity of PET waste year-on-year.

Integration

In the competitive business of PET waste recycling, the Company is integrating forwards to the manufacture of spun yarn with the objective to enhance realisations, reduce costs and extend its value chain. As a result, the Company's spinning unit would be operational during FY14.



Portfolio

In the competitive business of PET waste recycling, the Company reinforced its competitive advantage through portfolio widening. The Company's products enjoy applications in diverse industries (fibrefill, spinning industry, automobile industry, geo-textiles, medical and packaging, paper, textiles and various other non-woven sectors). Besides, the Company possesses the capability to customise products resulting in enduring customer relationships.

Financial discipline

In the competitive business of PET waste recycling, a strong Balance Sheet represents a robust foundation. The Company's long term gearing represents adequate balance between its ability to drive growth on the one hand and provide attractive shareholder returns on the other. The Company's interest cover of 3.58 in 2012-13 provided adequate comfort. This Balance Sheet strength made it possible for the Company to progressively scale its business: gross block increased by ₹15.33 cr between FY04 and FY 07 and by ₹198.99 cr between FY07 and FY13, strengthening the Company's relevance to an increasing demand and evolving business environment.

The tangible results of our business model

- ▶ The Company's focus on internal efficiencies and integration enabled it to generate a growing return on capital employed: from 12.17% in 2007-08 to 19.29% in 2012-13.
- ▶ As an extension of this long-term philosophy, the increments of the Company's revenues and profits have been progressively growing: revenues from ₹224.91 mn in FY01-FY04 to ₹391.00 mn in FY04-FY08 to ₹3,296.30 mn in FY08-FY13; Company's profit after tax from ₹12.39 mn in FY01-FY04 to ₹25.11 mn in FY04-FY08 to ₹203.66 mn in FY08-FY13.



Sustaining shareholder value

The Company's performance highlights the management's single-minded focus to deliver superior shareholder value. This is clearly reflected in the performance matrix compared with the market valuation:

Growth in shareholder value

Book value: A tool which highlights the value of every equity share represented by the Company's assets. This fundamental financial analysis helps determine whether the market value of shares is above or below the assets represented by it.

	31st March, 2011	31st March, 2012	31st March, 2013
Book value per share (₹)	40.46	56.13	66.46



Corporate social responsibility

The concept of corporate social responsibility is embedded in the Company's business model. The Company ensures the safe disposal of PET waste, which otherwise would have taken decades to decompose and consumed considerable land. The Company disposes PET waste without any corresponding negative impact on the environment through prudent waste management.

Process

The manufacturing process of recycled PET staple fibre consumes 33-55% less energy than virgin polyester fibre with a corresponding reduction in carbon emission. The Company is engaged in recycling more than 8 million bottles a day, protecting the environment.

Livelihoods

The waste collection by the Company generates employment for thousands of rag-pickers across the country. The Company collects waste through 25 waste collection centres and multiple vendors.

Corporate strengths

Experience

The Company has 18 years of experience in PET waste recycling.

Scale

The Company possesses the leading RPSF manufacturing capacity in India with the ability to service the any-quantity and anytime requirements of customers.

Research and development

The Company invested in research and development leading to innovative product development and higher realisations.

Customisation

The Company works closely with customers providing customised offerings.

Technology

The Company invested in cutting-edge technology from raw material sorting to the manufacture of diverse product types.

Portfolio

The Company created a wide product portfolio finding application in diverse sectors (fibrefill, spinning industry, automobile industry, geo-textiles, medical and packaging, paper, textiles and various other non-woven).

Governance

The Company's governance commitment comprises a strong Board of Directors, information dissemination, transparency, audit discipline and statutory compliances.

Manufacturing process

Raw material storage yard:

Input raw material – Stored used PET bottles in a compressed state

Sorting and washing:

Sortig bottles to remove non-PET materials. Shredding PET bottles to convert them into flakes

Dryer section:

Vacuum drying in the dryer to remove moisture from flakes

Storage and dispatch of fibre:

Bale storage and loading for dispatch

Fibre line:

Drawing, spinning, finishing, crimping and cutting for final fibre manufacture

Spinning, winding and CAN collection:

Heating, melting and extruding to form filament



Management discussion and analysis

Global economy

Growth of the world economy weakened considerably during 2012 and is expected to remain subdued. The global economy growth hovered around 3.2% in 2012, lower than 2011 (3.9%), on account of the euro zone debt crisis, inflation and market volatility. The global economy is expected to mend gradually in 2013, projected to grow at 3.3% in 2013 and at 3.8% in 2014. Emerging developing economies are expected to drive global growth in 2013 (around 5.25% in 2013 and 5.75% in 2014).

Growth in emerging market and developing economies is expected to remain robust, strengthening from about 5% in 2012 to 5.25% in 2013 and 5.75% in 2014 [Source: IMF, World Economic Outlook, April 2013].

Indian economy

The growth of the Indian economy hovered around five percent in 2012-13, the lowest in a decade, on account of a poor performance in its manufacturing, agriculture and services sectors. The moderation in growth was primarily attributable to weaknesses in

industry growth (mining and quarrying, manufacturing, electricity, gas and water supply, and construction) at 3.1% while the manufacturing sector grew only by 1.9%. The growth of the services sector was at a low 6.6% in 2012-13 against 8.2% in 2011-12 [Source: IBEF, February 2013].

Global PET industry overview

According to a recent study by Smith Pira, the global consumption of PET packaging is expected to grow to almost 19.1 million tonnes, with a value of USD 57 billion by 2017.

Global economic growth (%)

	2010	2011	2012	2013 (P)	2014 (P)
World output	5.2	3.9	3.2	3.1	3.8
Advanced economies	3.2	1.7	1.3	1.2	2.1
Emerging economies	7.3	6.2	4.9	5.0	5.4

[Source: IMF, World Economic Outlook, July 2013]

Driven mainly by increasing demand in emerging and transitional economies, the market is expected to grow at 5.2% per annum with a focus on Asia Pacific, South & Central America, Central & Eastern Europe and the Middle East and Africa. Barrier PET bottles and jars for juices, fizzy drinks, milk, teas, beer, wine and food, are forecasted to register strong growth over the period 2012-17.

A significant portion of PET demand is expected to come from the Asia-Pacific region, which accounted for 40.6% of global PET demand during 2010 and is expected to increase to 47.8% by 2020, as China rapidly reinforcing its position as a global petrochemical products manufacturing hub. By March, 2013, the PET production levels in Asia saw an improvement with utilisation rates

reaching mid-80%. This utilisation rate can be attributed to increased regional and export demand in the region.

On the other hand, in the wake of volatile raw material prices, demand in the European region weakened. PET imports in Europe were affected by rapidly changing raw material prices and a weaker euro.

In U.S.A, demand improved slightly. Imports into the North and South American markets are forecasted to increase gradually on the grounds of raw material prices and PET price differentials.

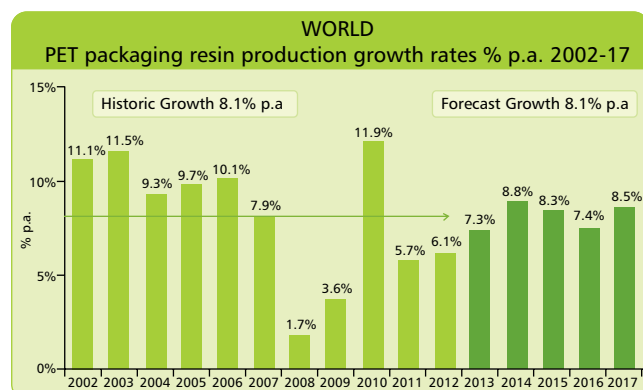
Indian PET industry overview

India is one of the leading contributors to the Asia PET resin market on account of capacity addition and the increasing

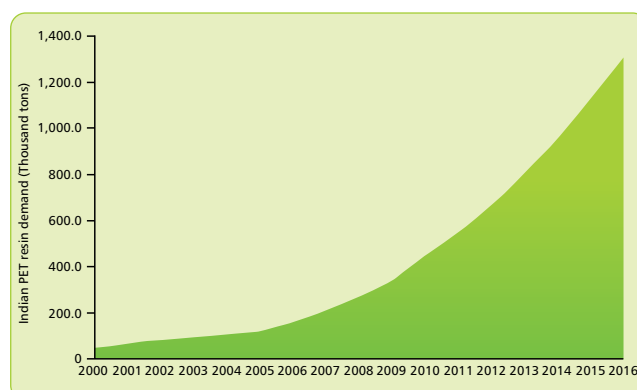
consumption of packaged food and beverages. According to a report by 6Wresearch, India PET resin demand is forecasted at 1,309.3 thousand tonnes by 2016, growing at a CAGR of 18.9% from 2011-2016. Demand of PET resin is the highest in the packaged foods segment, accounting for 35% of the total demand.

Growth drivers

Rising per capita incomes: According to the Economic Survey, India's per capita income increased from ₹61,564 in 2011-12 to ₹68,747 in 2012-13, generating a higher consumption and consequently a higher demand for PET. A report from the Ministry of Food Processing vision, World Bank shows that Indians spend 53% of their income on food and food products.



Source: SBA-CCI report





Growing youth: According to the Census of India 2011, 58.1% of the India population falls in the age group of 10-44 years. Rising disposable income in the hands of the youth, coupled with a desire for superior lifestyle, could catalyse the demand for PET packaging.

Growing food and beverage offtake: According to the India Food Service Report-2013, the Indian foods industry is estimated at USD 41.39 billion and expected to grow at 11% to USD 68.16 billion by 2018. This will catalyse the growth of the PET industry as food and beverages account for 35% of India's PET resin demand.

Recycling PET plastic

- ▶ PET plastic can be recycled into clothing, fiberfill for sleeping bags, toys and stuffed animals etc.
- ▶ Recycling saves three to five times the energy generated by waste-to-energy plants, even without counting the wasted energy in burned materials.
- ▶ Only 13.3% of plastic packaging was recycled in 2008; only around 27% of plastic bottles were recycled.
- ▶ Recycling one ton of plastic saves the equivalent of 1,000–2,000 gallons of gasoline.
- ▶ 66% of energy is saved when producing new plastic products from recycled materials instead of raw (virgin) materials.
- ▶ For every tonne of plastic recycled, we save the equivalent of two people's energy use for a year, the amount of water used by a person in two months and almost 2000 pounds of oil.
- ▶ 827,000 to 1.3 million tonnes of plastic PET water bottles were produced

in the U.S. in 2006, requiring the energy equivalent of 50 million barrels of oil and 76.5% of these bottles were landfilled.

Polyester fiber industry

Global polyester market: Polyester production increased by five per cent over 2011 to reach 41.31 million tonnes in 2012, covering 50% of the fibres produced worldwide. Staple fibre production grew by 3.4% to reach 14.9 million tonnes and polyester filament yarn (PFY) increased by 5.7% to touch 26.4 million tonnes. In 2012, 75% capacity utilisation summed up to the global polyester production of 41.31 million tonnes. Polyester fibre production is estimated to grow at six-seven per cent from 2013 to 2015. In 2012, global production of man-made cellulose fibre expanded faster than other fibres, estimated at 6.8%. Production volumes of polyamide fibres increased by 3.8%, while acrylic fibres declined by four per cent.

Indian man-made fiber industry: The demand of MMF remained subdued in FY13 and registered a decline by 7% on a Y-o-Y basis due to the overall slowdown in the economy and industrial output. The widen gap between prices of cotton compared to MMF in FY13 led to availability of cotton at cheaper price which also led to a slowdown in MMF demand to some extent. Prices of various MMFs registered an increase in the range of 2-5% on a Y-o-Y basis in FY13 mainly due to an increase in the raw material prices of purified terephthalic acid (PTA) and mono-ethylene glycol (MEG) while

cotton prices declined about 14% on a Y-o-Y basis.

It is expected that MMF consumption will rise gradually with an increase in the demand for apparels, home textiles and technical textiles as the macro economic scenario recovers. Growth in the apparel and home textile segments will be supported by factors like a rise in disposable income, growing consumer class, rising urbanisation, increasing retail penetration and increased use of plastic money. It is estimated that the domestic consumption of MMF will grow at a CAGR of 5.2% during FY12-16.

The per capita MMF consumption in India stood at 1.7 kg per annum in FY13 against the global average of 10 kg per annum. This low per capita MMF consumption in India reflects the growth potential for the domestic MMF industry. It is expected that the per capita MMF consumption could reach 2.1 kg per annum by the end of FY16.

Limited area under cultivation and erratic rain affects cotton availability. Also, cotton faces stiff competition from other MSP based crops. This will limit the growth of cotton production over the long term and drive MMF demand. The superior quality of polyester and viscose over cotton is likely to have a positive impact on demand for the former, especially from the technical textiles and home textile segments. The share of MMF in the total fibre consumption is expected to increase to about 36% in FY 16 from the current level of about 34% [Source: CARE Research].

Drivers of excellence – 1

Raw material management

Highlights, 2012-13

► Recycled 43,561 tonnes of PET waste in 2012-13 against 42,061 tonnes in 2011-12

Overview

The key raw material required by the Company is PET waste. The collection of PET waste is a critical factor as it also impacts finished product quality. The Company created a strong network

of 25 waste collection centres across the country. The Company collects PET waste through thousands of rag pickers and also collection centres at major consumption centres like airports and shopping malls, etc and from beverages plants as well. Raw material management comprises the sorting and cleaning of PET waste. The Company invested in sophisticated imported cleaning technology to facilitate a

superior feeding of raw material to manufacturing units.

Road ahead

Going ahead, the Company's focus will be on enhancing raw material availability at competitive prices.

Drivers of excellence – 2

Marketing

Highlights, 2012-13

► Increased average realisations by 2.75% over 2011-12

Overview

The Company's products compete with virgin fibres and it is imperative for the Company's marketing division to

establish the superiority of its products. The Company created a dedicated marketing team to work closely with customers and create customised solution.

The Company is a preferred supplier for a number of leading synthetic yarn spinning companies. Besides India, the

Company also created a strong presence in more than 30 countries.

Road ahead

Going ahead, the Company will be focusing on enhancing the visibility of the Company and enhance offtake.

Realisations over the years

(₹ per tonne)

2008-09	2009-10	2010-11	2011-12	2012-13
59,724	58,593	79,669	86,852	89,239

Drivers of excellence – 3

Operations

Highlights, 2012-13

- Production increased from 43,671 tonnes in 2011-12 to 47,252 tonnes
- Improved capacity utilisation from 72% in 2011-12 to 78% in 2012-13

Overview

The Company is engaged in the production of recycled polyester staple fibre (RPSF) and dyed yarn. The RPSF manufacturing facilities are located in Kanpur and Rudrapur (with cumulative production capacity of 57,600 TPA) and the dyed yarn manufacturing capacity is located in Kanpur with a production capacity of 3,000 TPA. The

Company is coming up with a spun yarn manufacturing capacity in Bilaspur with a production capacity of 7,200 TPA (commissioning scheduled in FY2013-14).

The Company has an in-house R&D team to improve product quality and come up with customised products as per the client requirements. The team's rich experience enabled it to manufacture dope dyed polyester fibres in wider colour range.

Quality: The quality control team ensures conformance with benchmarks across the process, starting from raw material procurement to in-process

checks to finished goods manufacture. The Company's manufacturing units are ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 certified. The Company is also having authorisation to use Oeko-Tex mark by Hohenstein Institute, Germany. This signifies that the products produced by GESL conform to the ecological standards and friendly for human usage.

Road ahead

Going ahead, the focus of the Company is to stabilise operations at the spun yarn manufacturing unit and expand RPSF capacity.

Growing production of RPSF

(tonnes)

2008-09	2009-10	2010-11	2011-12	2012-13
26,392	28,137	35,153	41,101	42,263



Finance review

Basis of preparation

The financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) of India. They are prepared in compliance with all material aspects and with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006, as amended, and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under historical cost convention on accrual basis.

Financial highlights, 2012-13 (₹ lacs)

Particulars	2011-12	2012-13	Percentage growth
Net sales (products)	38,550.61	43,528.93	12.91
Total revenue	38,720.42	43,636.42	12.70
PBT	2,136.79	2,646.86	23.87
PAT	2,069.88	2,411.98	16.53
Cash profit	3,168.79	3,558.38	12.29
EPS (₹)	14.10	15.52	10.07

Analysis of Statement of Profit & Loss

The Company's total revenue increased 12.70% from ₹38,720.42 lacs in 2011-12 to ₹43,636.42 lacs in 2012-13 on the back of higher productivity and sales of newly introduced products. Other income declined 37% from ₹169.81 lacs in 2011-12 to ₹107.49 lacs in 2012-13 owing to a moderation in interest income and lower net gain on foreign

currency transactions compared with the previous year. Other income as a proportion of total income (from the sale of core products) stood at 0.25%, reflecting the Company's continued focus on its core business.

► The Company's total operating expenses stood at ₹38,817.66 lacs in 2012-13 against ₹34,381.58 lacs in 2011-12; the 12.90% increase in total operating expenses was largely

owing to increase in production. Total operating expenses as a proportion of the total revenue increased marginally to 88.96% in 2012-13 against 88.79% in the previous year.

► Owing to growing scale, raw material expenditure increased 4.44% to ₹28,389.97 lacs in 2012-13 as against ₹27,182.30 lacs in 2011-12; however the proportion of raw material cost as a percentage of total expenses declined

to 69.26% in 2012-13 against 74.30% in 2011-12 on account of better raw material management.

► The cost of the Company's employee benefits increased from ₹1,663.66 lacs in 2011-12 to ₹1,992.89 lacs in 2012-13 on account of a 19.79% increase

in employee remuneration. Employee remuneration as a percentage of the total expenses stood at 4.86% in 2012-13 against 4.55% in the previous year.

► Other expenses stood at ₹7,139.27 lacs in 2012-13, rising 8% from ₹6,610.64 lacs in 2011-12. The increase

was largely due to a rise in power and fuel expenses and processing charges, which rose 16.33% and 13.54%, respectively, over the previous year; however a decline in the costs of stores and spares and repairs helped to control the increase to 8% only.

Analysis of Balance Sheet

Sources of funds				
Particulars	2012-13 (₹ lacs)	Percentage of capital employed	2011-12 (₹ lacs)	Percentage of capital employed
Share capital	1,568.60	5.54	1,968.60	10.84
Reserves and surplus	8,573.82	30.26	6,429.81	35.41
Shareholders' Funds	10,142.42	35.80	8,398.41	46.25
Loan funds	17,691.44	62.44	9,257.82	50.98
Deferred tax liability	499.08	1.76	502.69	2.77
Capital employed	28,332.94	100	18,158.92	100

Capital employed

Total capital employed increased 56% in 2012-13 as compared with an increase of 25.07% in 2011-12, owing to an increase in loan funds by 91.10%. An increase in the networth was mainly due to a 33.34% rise in reserves and surplus. The decline in the equity share capital was a result of redemption of 4,00,000 preference shares of value of ₹400 lacs.

Net worth

► The Company's net worth stood at ₹10,092.42 lacs as on 31st March, 2013, which increased by 26.97% compared with ₹7,948.41 lacs as on 31st March, 2012. This increase was due to a rise in reserves and surplus. Net worth as a proportion of the capital employed declined from 43.77% in 2011-12 to 35.62% in 2012-13 due to

tie-up of fresh term loans for expansion project.

► **Share Capital:** Equity share capital declined by 20.32% to ₹1,568.60 lacs as on 31st March, 2013 from ₹1,968.60 lacs as on 31st March, 2012, due to redemption of 4,00,000 equity shares worth ₹400 lacs

► **Reserves and surplus:** Reserves and surplus increased from ₹6,429.81 lacs



as on 31st March, 2012 to ₹8,573.82 lacs as on 31st March, 2013. Increase in reserves and surplus was largely owing to retained profits during the year under review.

Loan funds

► The long-term debt-equity ratio increased sharply to 1.22 in 2012-13 against 0.64 in 2011-12, owing to an increase in loan funds from ₹3,603.59 lacs as on 31st March, 2012 to ₹10,682.67 lacs as on 31st March, 2013 tied up for the expansion project.

► Finance cost declined 7.04% from ₹1,103.13 lacs in 2011-12 to ₹1,025.50 lacs in 2012-13, which resulted in a better interest coverage of 3.58x in 2012-13 (2.94x in 2011-12).

Application of funds

Gross block

A 56.28% increase in fixed assets (tangible and intangible assets and capital work-in progress) from ₹15,758.41 lacs as on 31st March, 2012 to ₹24,627.07 lacs as on 31st March, 2013 was largely due to ongoing expansion project.

Long-term loans and advances

Long-term loans and advances increased 262% to ₹1,345.81 lacs as on 31st March, 2013 compared with

₹371.36 lacs as on 31st March, 2012 largely owing to capital advances for ongoing expansion project.

Working capital management

Current assets stood at ₹10,949.24 lacs as on 31st March, 2013 against ₹9,695.72 lacs as on 31st March, 2012, representing an increase of 12.93%, owing to the expanded operations.

Inventories (finished and semi-finished goods along with raw materials) declined 17.43% from ₹4,731.77 lacs as on 31st March, 2012 to ₹3,907.06 lacs as on 31st March, 2013. The average inventory cycle for 2012-13 stood at 43 days of cost of goods sold compared with 42 days in 2011-12.

Debtors stood at ₹3,440.48 lacs as on 31st March, 2013 against ₹3,112.00 lacs as on 31st March, 2012, representing an increase of 10.56%.

Average debtors' cycle was maintained at 27 days during the year under review. Debtors outstanding for more than six months comprised 0.22% of the total debtors' position in 2012-13, compared with 0.35% in the previous year.

Short-term loans and advances declined 11.06% to ₹379.53 lacs as on 31st March, 2013 compared with ₹426.72 as on 31st March, 2012 due to decline in advances paid to vendors.

Current liabilities increased 15.56% from ₹9,000.59 lacs as on 31st March, 2012 to ₹10,400.46 lacs as on 31st March, 2013 due to an increase in short-term borrowings as well as creditors for capital expenditure; however trade payables declined from ₹1,549.40 lacs in 2011-12 to ₹1,521.88 lacs in 2012-13.

Cash and bank balances

Cash and bank balances increased 151.59% to ₹2,560.22 lacs as on 31st March, 2013 compared with ₹1,017.63 lacs as on 31st March, 2012 due to growing operational surpluses.



Risk management

Risk is an integral part of every business. At Ganesha Ecosphere, we have created a strong risk management framework, which continuously evaluates various risks associated with the Company and undertakes prudent measures to minimise the impact of these risks.



01 A slowdown in the downstream industry could impact the Company's performance

Risk mitigation

► The Planning Commission expects the textiles industry to grow at a respectable 8% during the Twelfth Five Year Plan.

► It is estimated that domestic MMF consumption will grow at a 5.2% CAGR during the FY12-16 period.

► It is also expected that the share of MMF in total fibre consumption will increase to 36% in FY16 from the current level of about 34%.



02 Inadequate raw material supply along with raw material price volatility could impact operations

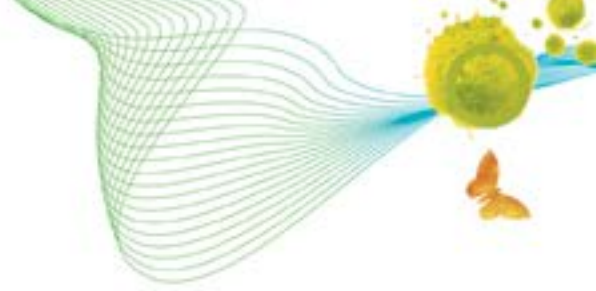
Risk mitigation

► The Company has created a robust network of 25 collection centers across the country.
► It works with a tight-knitted network of thousands of rag pickers to source

PET waste.

► It has also created collection centers near malls, airports and railways stations, which normally witnesses generation of high PET waste.

► With growing popularity of PET as a packaging resource, PET availability is expected to increase over the coming years. PET consumption is growing at CAGR of 19%.



03 Competitive pressures could dent profitability

Risk mitigation

► The Company has created a strong marketing network with a dedicated team of employees working closely with customers.

► It has created a wide range of products matching the diverse needs of various textile manufacturers.

► The Company has invested in a strong research and development team,

which aids in new and innovative product development as per customer requirements. The Company introduced dope dyed Recycled PSF in about 200 colours/shades.



04 Inability to fund daily operations could impact the Company's working

Risk mitigation

► The Company manages working capital efficiently.
► Its marketing department is having

strong follow-ups with customers resulted in maintaining debtors' cycle at 27 days in 2012-13 in spite of economic slowdown.

► Efficient inventory management practices has helped the Company to maintain average inventory cycle at 43 days in 2012-13.



05 Inability to procure long-term funds at competitive rates could impact expansion plans

Risk mitigation

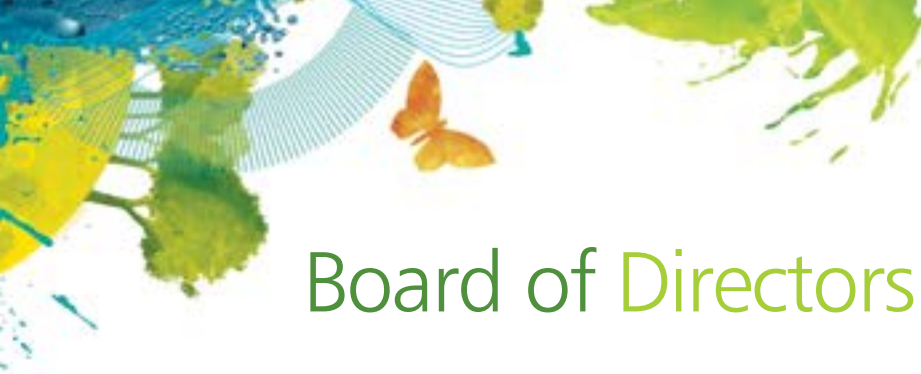
► The Company enjoys a debt-equity ratio of 1.22 (as on 31st March, 2013), providing room for additional mobilisation.

► The Company possesses cash and cash equivalent of ₹25.60 crore as on 31st March, 2013.

► Its interest cover stood at 3.58x in 2012-13, reflecting comfort in debt servicing.

► The Company has free reserves of ₹6,484.14 lacs.

► The Company is availing 5% interest subsidy under the Technology Upgradation Fund (TUFS) of Textile Ministry for a portion of loans tied up for ongoing expansion.



Board of Directors

Mr. Shyam Sunder Sharmma

Chairman-cum-Managing Director

Mr. Shyam Sunder Sharmma, aged about 70 years, is a Post-graduate in Commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 49 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. Sharad Sharma

Joint Managing Director

Mr. Sharad Sharma, aged about 47 years, is a commerce graduate and having more than 26 years experience in marketing and distribution.

He is associated with the Company since inception and was appointed to 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. Vishnu Dutt Khandelwal

Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged about 64 years, is a Post-graduate in Commerce and has rich experience in the field of Accounting and Financial Management. He also possesses a rich experience of over 40 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. Rajesh Sharma

Executive Director

Mr. Rajesh Sharma, aged about 44 years, is a commerce graduate with rich experience spanning over 23 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 and Bilaspur unit. His achievements include the successful commissioning of the Rudrapur unit and subsequent expansion there at.

Mr. Vishwa Nath Chandak

Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged about 76 years, is a M.Com., LL.B. and has experience of over 37 years of working as a Senior President in Eastern Spinning Mills & Industries Ltd.

He had also been associated with Kesoram Industries Ltd. (a B.K. Birla Group Company) as President of its divisions namely Kesoram Rayon and Hindusthan Heavy Chemicals for several years.

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

Mr. Pradeep Kumar Goenka

Non-Executive Independent Director

Mr. Pradeep Kumar Goenka, aged about 59 years, is a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 37 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 to the Board of the Company in 2006.



Mr. Surendra Kumar Kabra

Non-Executive Independent Director

Mr. Surendra Kumar Kabra, aged about 69 years, is B.Com., LL.B. and also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 45 years in textile industry.

He had been the 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 for the last 17 years.

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

Mr. Anoop Gupta

Non-Executive Independent Director

Mr. Anoop Gupta, aged about 55 years, is a Chartered Accountant and Cost Accountant, with additional qualifications in Law and Company Secretarial Practices. He has three

decades of diverse International experience in areas of Business Development, Corporate Finance, Strategy, Banking, Fund Management, Investment Product Engineering, Auditing and broad-spectrum Business Consulting. Mr. Gupta founded Concept Management Consulting Limited in 1998, and is presently the Managing Director of the Company.

He was appointed to the Board in 2012.

Mrs. Indu Gupta

Nominee Director

Mrs. Indu Gupta, aged about 43 years, is a Master in Commerce and is having Diploma in Business Finance. She has experience of about 20 years in Finance, Taxation, Fund raising, Credit analysis and Management of Corporate Loan portfolio. Mrs. Indu Gupta is presently the Chief Finance Officer of the IFCI Venture Capital Funds Limited.

She was appointed to the Board of the Company as a Nominee Director in May, 2013.

Mr. Gopal Singh Shekhavat, Director (Administration)

Mr. Gopal Singh Shekhavat, aged about 60 years, is Bachelor in Arts. He is having rich experience spanning over 40 years in textile industry.

Presently, he is looking after the general administration of the Company. He was appointed to the Board of the Company as a Director (Administration) w.e.f. 1st June, 2013.



Directors' Report

To the Members of
Ganesha Ecosphere Ltd.

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31st March, 2013.

Financial Results

The summarised financial results of the Company for the year ended 31st March, 2013 as compared to the preceding year are as under: (₹ in lacs)

	Current Year (2012-13)	Previous Year (2011-12)
Total Revenue	43,636.42	38,720.42
Profit before Finance Costs, Depreciation and Amortisation Expense	4,818.76	4,338.84
Less: Finance Costs	1,025.50	1,103.13
Less: Depreciation & Amortisation Expense	1,146.40	1,098.92
Profit before Tax	2,646.86	2,136.79
Tax Expense	234.88	66.91
Profit after Tax	2,411.98	2,069.88
Surplus brought forward from Previous year	4,098.47	3,265.50
Balance available for appropriation	6,510.45	5,335.38
Less: Appropriations		
Taxation/ MAT Credit adjustments for earlier years (Net)	33.43	21.38
Reserves		
- Capital Redemption	400.00	-
- Debenture Redemption	(499.19)	899.69
- General	60.30	51.75
Interim Dividend of Preference Shares (Series II)	13.33	-
Dividend Distribution Tax on Interim Dividend	2.16	-
Proposed Dividend		
- Preference Shares	5.00	45.00
- Equity Shares	182.23	182.23
Dividend Distribution Tax on Proposed Dividend	31.82	36.86
Surplus carried to Balance Sheet	6,281.37	4,098.47

Financial and Operational Performance

During the Financial Year 2012-13, against a backdrop of an extremely challenging business environment marked by inflation and a slowdown in demand, your Company recorded revenues from operations (net) ₹43,528.93 lacs as compared with ₹38,550.61 lacs in 2011-12, thus registering a growth of 12.9% over the last year. The profit after tax during 2012-13 was placed at ₹2,411.98 lacs as against ₹2,069.88 lacs in 2011-12, recording an increase of 16.5%. The improvement in performance of the Company has been mainly on account of increase in production of existing operations and higher realisations due to the manufacture of value-added products.

The Company is leveraging its operational efficiencies and experience in the recycling industry by achieving sustainable growth and consolidating its market share in the long run.

Your Directors are pleased to report that your Company's green field project for manufacturing of spun yarn from Recycled Polyester Staple Fibre (RPSF) with an installed capacity of 25,920 spindles at Temra, Bilaspur, Distt. Rampur (U.P.) and expansion project to increase the existing recycling capacity at Kanpur unit by 9,000 TPA, has commenced trial production. The expansion project of Recycled Polyester Staple Fibre (RPSF) of 21,000 TPA at Bilaspur, is progressing satisfactorily and expected to be completed in current financial year.

The Directors hope that the additional capacity shall considerably reduce the lead time for delivering new products and also will supply the existing products on much larger scale. The commissioning of these facilities will also lead to an improvement in margins.

During the current year, unfortunate fire accidents were occurred in the UPS room and extruder room respectively of Recycled Polyester Staple Fibre (RPSF) division of the Kanpur unit. The production was temporarily disrupted due to these fire accidents. The unit is completely insured and claims have been lodged with the insurance company.

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

Dividend

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 ₹2,13,20,233 (inclusive of dividend distribution tax of ₹30,97,033/-), and ₹10/- per share on 10% Cumulative Redeemable Preference Shares (Series I) of ₹100/- each, involving cash outflow of ₹5,84,975/- (inclusive of dividend distribution tax of ₹84,975/-), for the financial year 2012-13.

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

In order to broad base the Board, Shri Gopal Singh Shekhavat has been inducted on the Board of Directors of the Company as an Additional Director on 25.05.2013, who holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as Director of the Company. The Board has also appointed Shri Gopal Singh Shekhavat as Whole-time Director of the Company designated as Director (Administration) for a period of five years with effect from 1st June, 2013 and the matter is placed for your approval at the ensuing Annual General Meeting.

During the year, Shri Satpal Kumar Arora ceased to be Director of the Company due to withdrawal of nomination by IFCI Venture Capital Funds Ltd. w.e.f. 25.02.2013. The Board places on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company. Subsequently, Mrs. Indu Gupta, nominee of IFCI Venture Capital Funds Ltd., has been inducted on the Board of Directors of the Company as an Additional Director w.e.f. 25.05.2013, who holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as Director of the Company.

The Board of Directors has re-appointed Shri Vishnu Dutt Khandelwal and Shri Rajesh Sharma as Executive Vice-Chairman and Executive Director of the Company, respectively, for a further period of five years with effect from 19th June, 2013 upon expiry of their term of office and the matter is placed for your approval at the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Rajesh Sharma, 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.

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, 2013, confirm that: -

- a) in preparation of the 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 profits 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.

As regards Auditors' remarks in Para 9(i) of the Annexure to their report stating slight delay in the payment of the statutory dues in a few cases, 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 (Firm Regn. No.: 00022) and M/s. Rakesh Misra & Co., Cost Accountants (Firm Regn. No.: 00249), have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its products 'YARN' and 'RECYCLED POLYESTER STAPLE FIBRE' respectively, for the financial year

2012-13 and the Cost Audit Report will be filed with the Central Government by the due date i.e. 27th September, 2013.

Details of Cost Audit Report for the financial year ended 31st March, 2012:-

(a) Due date of filing: 28th February, 2013

(b) Actual date of filing: 20th February, 2013.

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

Information required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, from time to time, in respect of employees of the Company is annexed hereto as Annexure 'B', forming part of this report.

Corporate Governance

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

Acknowledgements

Your Directors take this opportunity to place on record appreciation for the co-operation and support extended by various departments of the Central and the 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 : 12th August, 2013

(Shyam Sunder 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, 2013.

I. Conservation of Energy

(a) Energy conservation measures taken:

Energy conservation continues to be an area of major emphasis in your Company. Efforts are made to optimise the energy costs while carrying out the manufacturing operations.

The Company is engaged in continuous process of energy conservation through improved operational and maintenance practices. In line with this, the management endeavours to reduce consumption of energy by adopting various energy conservation initiatives, some of which are given below:

- i) Energy saver for lighting installed at different locations.
- ii) Optimisation of fuel viscosity and other related parameters of D.G. set.
- iii) Installation of air pre-heaters at thermopac boilers.
- iv) Usage of voltage regulator in lighting circuits for reduction in lighting energy.
- v) Replacement of small capacity cooling tower pumps with energy efficient pumps.
- vi) Regular maintenance is carried out to increase productivity and efficiency of equipments resulting in power saving.
- vii) Power to all major equipments and lighting in work area is put off at non-working times.
- viii) Strict vigilance is being maintained over usage of energy by constant monitoring and educating need of conservation of energy.

- ix) Equipment efficiencies evaluated and optimised.
- x) Optimal use of cooling tower fan as per climate conditions.
- xi) Replacement of 40W TL fittings with LED lights for longer life and reduced energy consumption.
- xii) Installation of capacitor banks for optimum power factor.
- xiii) The Company regularly reviews all aspects of generation and usage by close monitoring of energy consuming equipment while keeping close liaison between energy generating centers and consuming points.

(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 implementation of the above stated energy conservation measures have helped to curtail the proportionate increase in total energy usage consequent to overall increase in production. This has made it possible to maintain cost of production at optimum levels. Efforts are in line to optimise energy productivity through ongoing planned measures.

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

FORM A

A. Power and Fuel Consumption:	Current year (2012-13)	Previous year (2011-12)
1. Electricity		
(a) Purchased		
Unit (KWH in lacs)	368.72	363.50
Total amount (₹ in lacs)	1980.32	1632.65
Rate/ KWH (in ₹)	5.37	4.49
(b) Own Generation (Through Diesel Generators)		
Unit (KWH in lacs)	25.86	23.24
Unit per Litre of Diesel Oil	3.46	3.57
Cost/ unit (in ₹)	11.75	10.45
2. Coal		
Quantity (in tonnes)	3523.03	2470.60
Total Cost (₹ in lacs)	298.90	194.06
Average rate (Cost per tonne) (in ₹)	8484.17	7854.95
3. Others (Rice Husk)		
Quantity (in tonnes)	15648.58	16843.99
Total Cost (₹ in lacs)	582.15	651.95
Average rate (Cost per tonne) (in ₹)	3720.15	3870.51
B. Consumption per unit of production:		
Production of Polyester products (Kgs. in lacs)		
(Including job work production)	472.52	436.71
Electricity (in KWH)	0.84	0.89
Coal (in Kgs.)	0.07	0.06
Rice Husk (in Kgs.)	0.33	0.39

II. Technology Absorption

FORM B

Research and Development (R&D)

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

The Company has its own in-house Research and Development facility. With a view to satisfy customer and market needs, your Company is committed to introduce new value added products and improve existing products which will have better performance levels, lower life cycle costs and meet stringent emission norms. In-house training is being imparted to the employees to improve the working of the plant. The Company

has an efficient quality control department to monitor and ensure consistency in quality and adherence to quality standards norms.

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

- ▶ Improvements in effluent treatment, pollution control and all-round safety standards.
- ▶ Improvement in quality and output of the product.
- ▶ Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
- ▶ Continuous upgradation of the quality of products has

resulted in better acceptance of the products by all classes of consumers.

- ▶ Development of new products.
- ▶ Reduced wastage of resources.
- ▶ Cost reduction.

3. Future plan of action:

The Company has been continuously striving to improve the quality of its existing products and widening its product range and efforts will continue to be made in the areas of cost reduction and product and process improvement.

4. Expenditure on R&D:

The expenses involved in in-house research and 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. It is our philosophy to continuously upgrade

ourselves from a technological standpoint.

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

Better production process, better yields, better quality of the end product, cost reduction, energy saving, enhanced operational productivity and efficiency etc.

3. Technology Imported:

The Company has not imported any technology during the preceding five years.

III. Foreign Exchange Earnings and Outgo

1. Activities relating to Exports:

Exports during the year were ₹5,663.42 lacs (FOB value).

2. Initiatives taken to increase exports:

Because of better product realisations in domestic market, the Company is making exports on selective basis.

3. Development of New Export Markets:

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

4. Export Plans:

The near term plan is to increase the export sales selectively, to optimise the returns.

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

(₹ in Lacs)

	Current year (2012-13)	Previous year (2011-12)
A) Foreign Exchange earnings (F.O.B. Value)	5663.42	7690.30
B) Foreign Exchange outgo:		
1. Import of - Raw Materials/Traded Goods	1759.59	1525.65
(C.I.F. Value) - Capital Goods	1686.99	388.01
- Stores & Spares	138.74	207.73
2. Expenditure on - Travelling	12.73	10.49
- Interest	138.43	101.39
- Commission	9.51	18.03
- Others	-	0.19

ANNEXURE 'B' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2013.

Name	Qualification & Age in years	Designation	Nature of Duties	Total Remuneration (₹)	Experience (No. of years)	Date of commencement of employment	Last Employment with designation
Shri Shyam Sunder Sharmma	M. Com, 70	Chairman Cum Managing Director	Looking after the overall management, strategic planning and development of the Company.	85,75,000/-	49	19th June, 1989	Vardhan Syntex (Sr. Vice President)
Shri Vishnu Dutt Khandelwal	M. Com, 64	Executive Vice Chairman	Looking after day-to-day management and business development of the Company.	68,35,000/-	40	19th June, 2008	Sandeep Yarns P. Ltd. (Managing Director)
Shri Sharad Sharma	B. Com, 47	Joint Managing Director	Looking after daily plant management and overall operations of the Company.	68,35,000/-	26	1st February, 2004	Sandeep Yarns P. Ltd. (Director)
Shri Rajesh Sharma	B. Com, 44	Executive Director	Looking after the operations of Company's Rudrapur and Bilaspur units.	72,55,000/-	25	19th June, 2008	Present employment is the first employment.

Notes:

1. Remuneration includes basic salary, allowances, perquisites and performance linked remuneration.
2. Nature of employment is contractual.

For and on behalf of the Board

Place : Kanpur
Date : 12th August, 2013

(Shyam Sunder Sharmma)
Chairman and Managing Director



Corporate Governance Report 2012-13

1. Company's Philosophy on Code of Corporate Governance

At GESL, 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 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 utilised 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. GESL's governance philosophy revolves around trusteeship, transparency, control, accountability and 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 Annual General Meeting 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, 2013 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 29.09.2012	No. of Boards / Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
					Directorship	Committee (only Audit committee & Shareholders' Grievance committee)	
		Held	Attended			Member	Chairman
Mr. Shyam Sunder Sharma	Promoter Executive Director	6	6	Yes	1	1	Nil
Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	6	6	Yes	1	2	Nil
Mr. Sharad Sharma	Promoter Executive Director	6	5	Yes	1	1	Nil
Mr. Rajesh Sharma	Promoter Executive Director	6	4	No	1	Nil	Nil
Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	6	4	No	2	1	Nil
Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	6	6	Yes	4	2	4
Mr. Vishwa Nath Chandak	Non-Executive/ Independent Director	6	2	No	1	1	Nil
Mr. Satpal Kumar Arora\$	Non- Executive/ Independent Director	6	2	No	N.A.	N.A.	N.A.
Mr. Anoop Gupta*	Non- Executive/ Independent Director	5	3	No	5	1	Nil

\$ Mr. Satpal Kumar Arora ceased to be Director of the Company w.e.f. 25.02.2013, due to withdrawal of nomination by IFCI Venture Capital Funds Ltd.

*Mr. Anoop Gupta inducted as an additional director on the Board w.e.f. 26.05.2012 and as Director on 29.09.2012.

Mr. Sharad Sharma and Mr. Rajesh Sharma are Sons of Mr. Shyam Sunder Sharma and Mr. Vishnu Dutt Khandelwal is the Brother of Mr. Shyam Sunder Sharma.

B. Details of Board Meetings held during the year:

The Board met six times during the year. The details of the Board Meetings are as under:

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1	18.04.2012	8	4
2	26.05.2012	9	7
3	25.07.2012	9	5
4	13.08.2012	9	8
5	03.11.2012	9	7
6	14.02.2013	9	7

3. Audit Committee

Composition:

The Company has an Audit Committee which was reconstituted in the Board Meeting held on 13.08.2012. As on 31.03.2013, the committee consisted of five Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. Surendra Kumar Kabra, Mr. Vishnu Dutt Khandelwal, Mr. Vishwa Nath Chandak and Mr. Anoop Gupta. Mr. Satpal Kumar Arora ceased to be member of the Committee w.e.f. 25.02.2013, due to withdrawal of nomination by IFCI Venture Capital Funds Ltd.

Mr. Pradeep Kumar Goenka, Mr. Surendra Kumar Kabra and Mr. Anoop Gupta are Chartered Accountants. Mr. Vishnu Dutt Khandelwal is Post Graduate in Commerce and has also rich experience in the field of Accounting and Financial Management. Mr. Vishwa Nath Chandak is M. Com., LL.B and has rich experience in the Textile Industry.

Mr. Bharat Kumar Sajani, 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 and background, etc. of the candidate.
 14. Reviewing and recommending to the Board, the appointment, re-appointment 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, 2013, four Audit Committee Meetings were held on 26.05.2012, 13.08.2012, 03.11.2012 and 14.02.2013. 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. of Committee meeting during the tenure	
			Held	Attended
1.	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive/ Independent Director	4	4
2.	Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	4	4
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	4	4
4.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	4	2
5.	Mr. Satpal Kumar Arora\$	Non- Executive/ Independent Director	4	2
6.	Mr. Anoop Gupta*	Non- Executive/ Independent Director	2	1

\$ Mr. Satpal Kumar Arora ceased to be Member of the Committee w.e.f. 25th February, 2013, due to the withdrawal of nomination by IFCI Venture Capital Funds Ltd.

* Mr. Anoop Gupta was appointed as Member of the Committee w.e.f. 13th August, 2012.

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 29th September, 2012.

4. Remuneration Committee

Composition:

The Remuneration Committee of the Board consists of three Directors namely, Mr. Surendra Kumar Kabra (Chairman), Mr. Pradeep Kumar Goenka and Mr. Vishwa Nath 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 programmes and changes thereto.

Meetings:

During the year ended 31st March, 2013, no meeting of the Remuneration Committee was held.

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 2012-13:

i. Executive Directors:

The Company pays remuneration to the Executive Directors by way of salary, perquisites and allowances (fixed component) and 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	Performance linked remuneration	Tenure
Mr. Shyam Sunder Sharma	Chairman & Managing Director	₹19,95,000/-	₹45,000/-	₹65,35,000/-	5 years (from 18th September, 2010)
Mr. Vishnu Dutt Khandelwal	Executive Vice Chairman	₹12,00,000/-	–	₹56,35,000/-	5 years (from 19th June, 2008)
Mr. Sharad Sharma	Joint Managing Director	₹12,00,000/-	–	₹56,35,000/-	5 years (from 1st February, 2009)
Mr. Rajesh Sharma	Executive Director	₹16,20,000/-	–	₹56,35,000/-	5 years (from 19th June, 2008)

ii. Non-Executive Directors:

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

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. They are paid sitting fees at the rate of ₹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 23rd Annual General Meeting of the Company approved payment of remuneration to NEDs of the Company, by way of commission upto 1% on the net profit of the Company (in accordance with Section 309(4) of the Companies Act, 1956). The distribution of commission amongst the NEDs is determined by the Board. The Board decided that such commission shall be distributed in following manner for the year 2012-13 amongst

the Non-Executive Directors on the basis of their attendance and contribution at the Board (subject to maximum limit of ₹5,00,000/- for each such Director, as decided by the Board at its meeting held on 14.02.2013).

The details of sitting fees paid and commission payable to such directors for the year 2012-13 are as follows:

Name of Director	Sitting Fees	Commission
Mr. Surendra Kumar Kabra	₹40,000/-	₹4,15,600/-
Mr. Pradeep Kumar Goenka	₹50,000/-	₹5,00,000/-
Mr. Vishwa Nath Chandak	₹20,000/-	₹2,07,800/-
Mr. Satpal Kumar Arora*	₹20,000/-	₹2,07,800/-
Mr. Anoop Gupta	₹20,000/-	₹3,11,700/-

*Sitting Fees and Commission is paid/ payable to nominating institution, M/s IFCI Venture Capital Funds Limited.

The Shareholding of Non-Executive Directors in the Company as on 31.03.2013 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 Sunder Sharmma, Mr. Vishnu Dutt Khandelwal and Mr. Sharad Sharma.

Terms of Reference:

The Shareholders'/ Investors' Grievance Committee looks into all the matters relating to transfer/transmission 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	34	34
2.	Mr. Shyam Sunder Sharmma	Promoter Executive Director	34	26
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	34	25
4.	Mr. Sharad Sharma	Promoter Executive Director	34	25

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2013, are as under:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	7	7	Nil

As on 31st March, 2013, 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. Surendra Kumar Kabra and Mr. Shyam Sunder Sharmma.

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, 2013, two Securities Allotment and Certificate Issuance Committee meetings were held on 10.09.2012 and 10.01.2013.

7. General Body Meetings

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

Annual General Meetings:

Year	Date of Meeting	Time	Place
2012	29th September, 2012	2:15 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2011	28th September, 2011	5:30 P.M.	
2010	18th September, 2010	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
2012	29th September, 2012	1) Consent for payment of remuneration to the Non-Executive Directors of the Company by way of Commission upto 1% of Net Profits of the Company u/s 309 of the Companies Act, 1956.
2011	28th September, 2011	1) Consent to change the name of the Company from 'GANESH POLYTEX LIMITED' to 'GANESHA ECOSPHERE LIMITED'.
		2) Re-appointment of Shri Sandeep Khandelwal as Vice-President (Projects) of the Company for a further period of five years w.e.f. 1st October, 2011, under Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011.
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.

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.

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
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 BSE Limited, 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.ganeshaecosphere.com, from time to time.

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

10. General Shareholders' Information

A. Annual General Meeting:

Date: 11th September, 2013

Time: 5:30 p.m.

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

B. Financial Year/Calendar:

- ▶ Results for First Quarter On or before
ending 30th June, 2013. 14th August, 2013
- ▶ Results for Second Quarter On or before
ending 30th September, 2013. 14th November, 2013
- ▶ Results for Third Quarter On or before
ending 31st December, 2013. 14th February, 2014
- ▶ Results for Financial Year On or before
ending 31st March, 2014. 30th May, 2014

C. Date of Book Closure:

From Tuesday, 3rd September, 2013 to Wednesday, 11th September, 2013 (both days inclusive).

D. Dividend Payment Date:

On and after 16th September, 2013.

E. Listing on Stock Exchanges:

The Company's Equity Shares are listed on BSE Limited, 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:

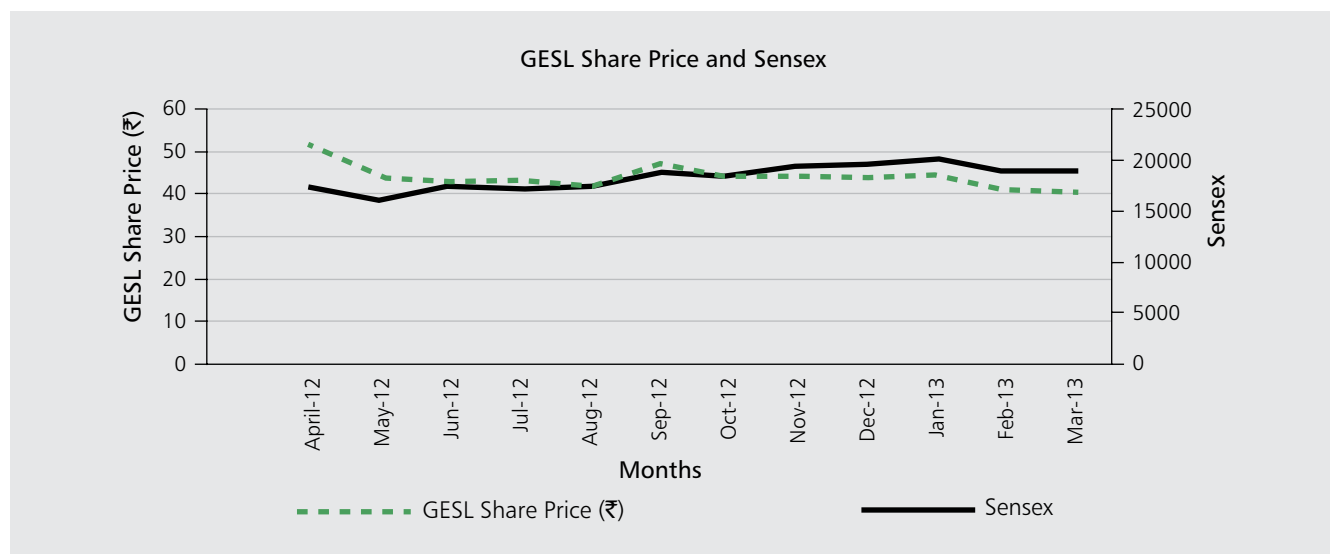
BSE Limited, Mumbai : 514167

G. Stock Market Price Data for the year 2012-13:

Month	BSE PRICES			
	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded
April, 2012	56.00	49.00	51.25	53244
May, 2012	52.95	41.15	43.90	211795
June, 2012	45.50	41.75	42.80	90582
July, 2012	47.95	40.55	43.00	87940
August, 2012	43.75	40.00	41.20	410890
September, 2012	50.50	41.00	47.00	182241
October, 2012	49.25	43.25	43.40	96023
November, 2012	50.00	43.00	44.25	137343
December, 2012	46.00	42.35	43.80	132062
January, 2013	49.50	37.50	44.50	121713
February, 2013	44.25	40.75	41.00	149168
March, 2013	43.60	38.10	40.40	102123

The information is downloaded from official website of the BSE Limited.

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



H. Registrar and Share Transfer Agents:

Skyline Financial Services Pvt. Ltd.

D-153/A, First Floor, Okhla Industrial Area, Phase-I, New Delhi-110020

Tel: 011- 26812682-83

Fax: 011- 26812682-83

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 and 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, 2013:

No. of Shares	Shareholders		Shareholding	
	Number	% of total	Number	% of total
Upto 500	11492	92.96	1745497	11.49
501 - 1000	482	3.90	412835	2.72
1001 - 2000	174	1.41	268859	1.77
2001 - 3000	57	0.46	143740	0.95
3001 - 4000	25	0.20	89662	0.59
4001 - 5000	34	0.28	165269	1.09
5001 - 10000	29	0.23	193915	1.28
10001 & above	69	0.56	12166223	80.11
Total	12362	100.00	15186000	100.00

Shareholding Pattern as on 31st March, 2013:

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	12	8604310	56.66
(2)	Foreign	0	0	0.00
	Total Shareholding of Promoter and Promoter Group	12	8604310	56.66
(B)	Public Shareholding			
(1)	Institutions	8	5600	0.04
(2)	Non-Institutions	12342	6576090	43.30
	Total Public Shareholding	12350	6581690	43.34
	Total (A+B)	12362	15186000	100.00

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2013, 89.56% of the total Equity Shares of the Company have been dematerialised. Trading in Equity Shares of the Company is permitted only in dematerialised 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:

There were no outstanding GDRs/ ADRs/ Warrants or any convertible instruments outstanding for conversion as on 31st March, 2013.

**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 Units:

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

b) Gata No. 109,103,113,111,126,127 and 125, Village Temra, Tehsil Bilaspur, Distt. Rampur, U.P. (under implementation).

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- 26812682-83

Fax: 011- 26812682-83

E-mail: admin@skylinerta.com

With the Company:

The Company Secretary,

Ganesha Ecosphere Ltd.

113/216-B, First Floor, Swaroop Nagar, Kanpur- 208002.

Tel: 0512-2555504-06

Fax: 0512-2555293

E-mail: shrdept@gmail.com

O. Corporate Identification Number (CIN NO.):
L51109UP1987PLC009090

P. E-mail for Investors: The Company has designated complaints@ganeshaecosphere.com as email address especially for investor grievance(s).

Q. 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 Sunder Sharmma, Chairman and Managing Director of the Company, is enclosed at the end of this report. Code of Conduct of the Company is available on the official website of the Company www.ganeshaecosphere.com

R. 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*.

S. 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 and 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 Sunder Sharmma, Chairman and Managing Director of Ganesha Ecosphere 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 2012-13.

Place : Kanpur

Date : 12th August, 2013

(Shyam Sunder Sharmma)
Chairman and Managing Director

Auditors' Certificate

To the Members of
Ganesha Ecosphere Ltd.

We have examined the compliance of conditions of Corporate Governance by Ganesha Ecosphere Ltd. for the year ended on 31st March, 2013, 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 : 12th August, 2013



INDEPENDENT AUDITOR'S REPORT

TO,
THE MEMBERS OF
GANESHA ECOSPHERE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ganesha Ecosphere Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give

the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

(Deepak Seth)
Partner

Place: Kanpur
Dated: 25th May, 2013

Membership No. 073081

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

- | | |
|---|--|
| <p>(1) (i) The Company has maintained proper records showing full particulars including quantitative details & situation, of fixed assets.</p> <p>(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 physical verification.</p> <p>(iii) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.</p> <p>(2) (i) As explained to us, inventory has been physically verified by the management at reasonable intervals during the year.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(ii) According to the information and explanations given to us, the Company has taken unsecured loans and fixed deposits from a Company, four directors and six other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year ₹65,350,000/- were taken as loan and the maximum amount involved during the year was ₹52,282,861/- and the balance outstanding as on 31st March, 2013 is ₹22,297,409/-.</p> <p>(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</p> | <p>not prima facie prejudicial to the interest of the Company.</p> <p>(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.</p> <p>(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.</p> <p>(5) (i) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.</p> <p>(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 ₹5,00,000 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.</p> <p>(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.</p> <p>(7) In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.</p> <p>(8) We have broadly reviewed the books of account maintained by the Company, pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government, under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of such records with a view to determine whether they are accurate or complete.</p> |
|---|--|

- (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 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 and other material undisputed statutory dues were outstanding, as at 31st March, 2013 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, 2013 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 (₹)	Forum where dispute is pending
U. P. Trade Tax Act, 1948	Entry Tax	156030*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	666061*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	571833*	Supreme Court
Central Excise Act, 1944	Excise Duty	1557031	CESTAT, New Delhi

* Net of amount deposited under dispute.

- (10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2013 and it has not incurred any cash losses during the financial year ended on 31st March, 2013 and in the immediately preceding financial year ended on 31st March, 2012.
- (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) The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (19) The Company has not created any security or charge on the assets of the Company in respect of Unsecured Non Convertible Debentures issued.
- (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

Place: Kanpur
Dated: 25th May, 2013

Membership No. 073081

BALANCE SHEET AS AT 31ST MARCH, 2013

(Amount in ₹)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital	2	156,860,000	196,860,000
Reserves & Surplus	3	857,381,795	642,981,438
Money received against Share Warrants	4	-	-
SUB-TOTAL		1,014,241,795	839,841,438
2 Non - Current Liabilities			
Long Term Borrowings	5	1,068,267,169	360,358,862
Deferred Tax Liabilities (Net)	6	49,907,793	50,269,195
Other Long Term Liabilities	7	29,661,292	3,731,374
Long Term Provisions	8	14,243,907	12,247,671
SUB-TOTAL		1,162,080,161	426,607,102
3. Current Liabilities			
Short Term Borrowings	9	538,392,962	413,960,009
Trade Payables	10	152,188,201	154,940,400
Other Current Liabilities	11	316,895,173	277,102,957
Short Term Provisions	12	32,569,710	54,055,711
SUB-TOTAL		1,040,046,046	900,059,077
TOTAL		3,216,368,002	2,166,507,617
II. ASSETS			
1. Non - Current Assets			
Fixed Assets:			
- Tangible Assets	13	1,027,911,649	1,027,738,986
- Intangible Assets	13	1,905,058	1,116,091
- Capital Work-in-Progress	13	848,000,325	51,984,757
Long Term Loans and Advances	14	134,581,202	37,136,083
Other Non-Current Assets	15	109,045,886	78,959,655
SUB-TOTAL		2,121,444,120	1,196,935,572
2. Current Assets			
Inventories	16	390,705,787	473,177,432
Trade Receivables	17	344,047,503	311,199,902
Cash & Bank Balances	18	256,022,315	101,763,218
Short Term Loans and Advances	19	37,953,305	42,671,526
Other Current Assets	20	66,194,972	40,759,967
SUB-TOTAL		1,094,923,882	969,572,045
TOTAL		3,216,368,002	2,166,507,617
Significant Accounting Policies	1		
The accompanying notes form an integral part of these financial statements.			

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

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Place: Kanpur
Dated: 25th May, 2013

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Finance Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
I. REVENUE FROM OPERATIONS	21		
a. from Sale of products		4,353,969,128	3,888,916,599
b. Other Operating Revenues		2,403,793	2,761,968
SUB-TOTAL		4,356,372,921	3,891,678,567
c. Less: Excise Duty		3,480,191	36,617,668
		4,352,892,730	3,855,060,899
II. OTHER INCOME	22	10,749,738	16,981,039
III. TOTAL REVENUE (I+II)		4,363,642,468	3,872,041,938
IV. EXPENSES			
Cost of Materials Consumed	23	2,838,996,999	2,718,230,326
Purchases of Stock-in-Trade	24	44,969,745	7,576,900
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	84,582,324	(115,079,558)
Employee Benefits Expense	26	199,288,890	166,366,214
Finance Costs	27	102,550,477	110,313,426
Depreciation and Amortization Expense	28	114,640,360	109,891,508
Other Expenses	29	713,927,611	661,064,366
Total Expenses		4,098,956,406	3,658,363,182
V. PROFIT BEFORE TAX (III-IV)		264,686,062	213,678,756
VI. TAX EXPENSE:			
1) Current Tax		(52,957,726)	(42,752,311)
Less: MAT Credit		29,108,331	42,752,311
2) Deferred Tax		361,402	(6,690,603)
VII. PROFIT FOR THE YEAR (V-VI)		241,198,069	206,988,153
VIII. EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH	30		
(1) Basic		15.52	14.10
(2) Diluted		15.52	14.10
Significant Accounting Policies	1		
The accompanying notes form an integral part of these financial statements.			

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

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Place: Kanpur
 Dated: 25th May, 2013

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Finance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
A: CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Statement of Profit and Loss	264,686,062	213,678,756
Adjusted for :		
- Prior Period Items (Net)	755,147	373,724
- Provision for Doubtful Debts/Advances	3,674,744	1,088,832
- Provision for Doubtful Debts Written Back	(1,180,022)	(45,110)
- Loss/ (Gain) on Fixed Assets Sold/Discarded	11,616,940	(251,556)
- Depreciation/Amortisation	114,640,360	109,891,508
- Unrealised Exchange Differences	-	4,042,393
- Finance Costs	102,550,477	225,413,217
Operating Profit before Working Capital Changes	496,743,708	439,091,973
Adjusted for :		
- (Increase) in Trade & Other Receivables	(88,941,695)	(105,432,472)
- Decrease/ (Increase) in Inventories	82,471,645	(147,323,341)
- Increase in Trade & Other Payables	16,702,325	117,026,737
Cash Generated from Operations	506,975,983	303,362,897
Prior Period Items (Net)	(755,147)	(373,724)
Direct Taxes Paid	(59,151,581)	(47,227,570)
Net Cash From Operating Activities	447,069,255	255,761,603
B: CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,019,614,384)	(264,889,420)
Sale of Fixed Assets	673,331	1,117,167
Net Cash Used in Investing Activities	(1,018,941,053)	(263,772,253)
C: CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from/(Repayment) of Long Term Borrowings (Net)	718,928,082	(1,347,721)
Proceeds from/(Repayment) of Short Term Borrowings (Net)	124,432,953	127,733,292
Redemption of Cumulative Redeemable Preference Shares (Series II)	(40,000,000)	-
Proceeds from Share Premium on Conversion of Share Warrants	-	45,480,000
Capital Investment Subsidy	-	3,000,000
Finance Charges	(77,566,234)	(110,275,701)
Dividend paid on Equity shares	(18,223,200)	(16,404,000)
Dividend paid on Preference Shares	(5,833,333)	(4,500,000)
Tax on Dividend Distribution	(3,902,571)	(3,391,152)
Net Cash from Financing Activities	697,835,697	40,294,718
Net Increase in Cash and Cash Equivalents (A+B+C)	125,963,899	32,284,068
Opening Balance of Cash and Cash Equivalents	55,915,536	23,631,468
Closing Balance of Cash and Cash Equivalents (Refer Note 18)	181,879,435	55,915,536
The accompanying notes form an integral part of these financial statements.		

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

Sharad Sharma

Joint Managing Director

Shyam Sunder Sharmma

Chairman and Managing Director

Place: Kanpur

Dated: 25th May, 2013

Bharat Kumar Sajhani

Company Secretary

Gopal Agarwal

Chief Finance Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements:

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.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criterion set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

1.2 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.

1.3 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.

Sale of goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Revenue from operations 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 revenue from operations.

1.4 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.

Foreign currency exchange differences to the extent covered under AS-11 are capitalized as per the policy stated in note 1.8.

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.

1.5 Intangible Assets:

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

1.6 Depreciation/Amortization:

Depreciation on fixed assets is provided on "Written Down Value Method (WDV)" at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in respect of Building and Plant & Machinery at Kanpur Unit where depreciation is provided on "Straight Line Method (SLM)".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 1 SIGNIFICANT ACCOUNTING POLICIES (contd.)

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 ₹5000, are depreciated fully within the year of acquisition.

Premium on Leasehold land is amortized over the period of the Lease.

1.7 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 Statement of Profit and Loss.

1.8 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.

Monetary items denominated in foreign currencies, which are outstanding as at the year-end and not covered by forward contracts, are restated at year end rates. Resultant gain or loss, other than in relation to acquisition of fixed assets, is charged to revenue during the year. In case of items covered by 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. The exchange differences arising on such 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. Non-monetary foreign currency items are carried at cost.

In accordance with Accounting Standard (AS) 11, "Accounting for the effects of changes in foreign exchange rates", exchange difference arising in respect of long term foreign exchange liabilities, where they relate to acquisition of depreciable fixed assets, are adjusted to the carrying cost of such assets and are depreciated over the balance useful life of the asset.

1.9 Inventories:

Items of Inventories are valued at lower of cost and net realizable value. Cost of inventories is ascertained on the 'weighted average' basis. Inventory of Finished goods* and Work in progress is 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.)

1.10 Lease Rentals:

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

1.11 Employee Benefits:

Defined contribution plans such as contributions to Provident Fund, Family Pension Fund and Employee's State Insurance 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. Defined benefit plans such as leave encashment and gratuity are determined using the Projected Unit Credit Method, on the basis of actuarial valuation carried out by independent actuaries at each balance sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the year in which they arise.

1.12 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 1 SIGNIFICANT ACCOUNTING POLICIES (contd.)

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.

1.13 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 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.

1.14 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.

1.15 Government Grants:

Grants in the nature of promoter's contribution are credited to Capital Reserve. Revenue Grants are recognized in the Statement of Profit and Loss on a systematic basis to match them with related costs.

		(Amount in ₹)			
		As at 31.03.2013		As at 31.03.2012	
Note	2 SHARE CAPITAL				
Authorised:					
24,000,000 (Previous Year 24,000,000) Equity Shares of ₹10/- each		240,000,000		240,000,000	
450,000 (Previous Year 450,000) Preference Shares of ₹100/- each		45,000,000	285,000,000	45,000,000	285,000,000
Issued, Subscribed & Paid up:					
15,186,000 (Previous Year 15,186,000) Equity Shares of ₹10/- each fully paid up			151,860,000		151,860,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares (Series I) of ₹100/- each fully paid up		5,000,000		5,000,000	
Nil (Previous Year 400,000) 10% Cumulative Redeemable Preference Shares (Series II) of ₹100/- each fully paid up		-	5,000,000	40,000,000	45,000,000
TOTAL			156,860,000		196,860,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

2.1 The reconciliation of the number of shares outstanding is as under:

	Numbers	Numbers
Equity Shares outstanding at the beginning of the year	15,186,000	13,670,000
Add: Shares issued during the year	-	1,516,000
Equity Shares outstanding at the end of the year	15,186,000	15,186,000

2.2 Preference Shares outstanding at the beginning of the year	450,000	450,000
Less: Redemption during the year	(400,000)	-
Preference Shares outstanding at the end of the year	50,000	450,000

2.3 Equity shares are having par value of ₹10/-per share. Each Shareholder is eligible for one vote per share. Equity shareholders are having the right of dividend, proposed by the Board of Directors subject to the approval of shareholders except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their holding.

2.4 Preference Shareholders do not have the voting rights but are having the preferential rights over equity shareholders, for getting the fixed dividend on cumulative basis and also redemption of Capital in the event of liquidation. Preference Shares of Series I are redeemable at a premium of ₹200/- each on 30.09.2013 and those of Series II have been redeemed at par on 31.07.2012 along with accrued dividend.

2.5 The details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of holding	No. of Shares held	% of holding
a) Equity shares				
Shyam Sunder Shamma	2,163,927	14.25	2,163,927	14.25
GPL Finance Ltd.	2,123,201	13.98	2,062,368	13.58
Rajesh Sharma	1,090,778	7.18	1,090,778	7.18
Sharad Sharma	1,075,583	7.08	1,075,583	7.08
Vishnu Dutt Khandelwal	920,200	6.06	920,200	6.06
b) 10% Cumulative Redeemable Preference Shares - Series I				
Essel Industries Pvt. Ltd.	46,525	93.05	46,525	93.05
Sandeep Yarns Pvt. Ltd.	3,475	6.95	3,475	6.95
c) 10% Cumulative Redeemable Preference Shares - Series II				
GPL Finance Ltd.	NA	NA	244,040	61.01
Sandeep Yarns Pvt. Ltd.	NA	NA	60,210	15.05
Mukesh Khandelwal	NA	NA	42,500	10.63
Kapil Khandelwal	NA	NA	35,750	8.94

2.6 The Company has neither issued shares for a consideration other than cash/ bonus shares nor bought back any shares during immediately preceding 5 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	As at 31.03.2013		As at 31.03.2012	
Note 3 RESERVES AND SURPLUS				
a. Capital Reserve				
As per last Balance Sheet	22,528,028		7,688,028	
Add: Forfeited application money on Share Warrants	-		11,840,000	
Add: Capital Investment Subsidy	-	22,528,028	3,000,000	22,528,028
b. Capital Redemption Reserve				
Transferred from Statement of Profit & Loss		40,000,000		-
c. Securities Premium Account				
As per last Balance Sheet	101,439,699		55,959,699	
Add: Received on conversion of Share Warrants	-	101,439,699	45,480,000	101,439,699
d. Debenture Redemption Reserve				
As per last Balance Sheet	94,919,361		4,950,000	
Add: Transferred from/ (to) Statement of Profit and Loss	(49,919,361)	45,000,000	89,969,361	94,919,361
e. General Reserve				
As per last Balance Sheet	14,247,225		9,072,520	
Add: Transferred from Statement of Profit and Loss	6,029,952	20,277,177	5,174,705	14,247,225
f. Surplus				
Balance at the beginning of the year	409,847,125		326,550,796	
Add: Profits for the year	241,198,069		206,988,153	
	651,045,194		533,538,949	
Less: Appropriations:				
- MAT Credit Reversed for earlier years	1,919,447		2,269,934	
- Taxation adjustments for earlier years (net)	1,423,424		(131,647)	
- Transferred to Capital Redemption Reserve	40,000,000		-	
- Transferred to/ (from) Debenture Redemption Reserve	(49,919,361)		89,969,361	
- Transferred to General Reserve	6,029,952		5,174,705	
- Interim Dividend on Preference Shares (Series II) *	1,333,333		-	
- Dividend Distribution Tax on Interim Dividend	216,300		-	
- Proposed Dividend on Preference Shares #	500,000		4,500,000	
- Proposed Dividend on Equity Shares #	18,223,200		18,223,200	
- Dividend Distribution Tax on Proposed Dividend	3,182,008		3,686,271	
	22,908,303	628,136,891	123,691,824	409,847,125
TOTAL		857,381,795		642,981,438

- * Interim Dividend paid to Preference Shareholders-Series II (redeemed on 31.07.2012) @ ₹10/- per annum (Previous Year Nil).
- # Dividend proposed to be distributed to Preference Shareholders is ₹10/- (Previous Year ₹10/-) per share and to equity shareholders ₹1.20 (Previous Year ₹1.20) per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

			As at 31.03.2013		As at 31.03.2012	
Note	4	MONEY RECEIVED AGAINST SHARE WARRANTS				
Money Received against Share Warrants				-		-
4.1	The reconciliation of the number of Share Warrants is as under:			Numbers		Numbers
	Balance at the beginning of the year			-		2,700,000
	Add: Issued during the year			-		-
				-		2,700,000
	Less: a) Converted into Equity Shares during the year			-		1,516,000
	b) Cancelled due to non - exercise of conversion option					
	by the warrant holders			-		1,184,000
	Balance at the end of the year			-		-

4.2 During the Previous Year 15,16,000 warrants - out of 27,00,000 warrants outstanding as at the beginning of the year had been converted into equal number of equity shares of ₹10/- each at a premium of ₹30/- per share. Remaining 11,84,000 Warrants were cancelled due to non- exercise of conversion option by the holders thereof and upfront money received thereof had been forfeited.

(Amount in ₹)

		As at 31.03.2013		As at 31.03.2012	
		Non Current	Current	Non Current	Current
Note	5	LONG TERM BORROWINGS			
SECURED					
Rupee Term Loans from Banks & Financial Institution		843,249,850	115,527,931	154,276,821	71,166,741
Rupee Term Loans from Others		9,502,516	10,743,140	14,046,934	9,655,090
Buyers Credit From Banks in Foreign Currency		87,375,897	2,000,000	97,900,620	17,500,000
UNSECURED					
5,00,000 Non Convertible Debentures of ₹90/- each		45,000,000	-	90,000,000	45,000,000
(Previous Year 15,00,000 Optionally Convertible Debentures)					
Rupee Term Loans from Others		61,850,000	23,037,946	3,037,946	3,980,224
Deferred Payment Liability		5,063,906	11,174,353	1,046,541	1,046,540
Fixed Deposits					
- from Related Parties		10,345,000	-	-	585,000
- from Others		5,880,000	-	50,000	2,530,000
TOTAL		1,068,267,169	162,483,370	360,358,862	151,463,595
Less: Amount disclosed under the head "Other Current					
Liabilities" (Refer Note 11)			162,483,370		151,463,595
Net Amount		1,068,267,169	-	360,358,862	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 5 LONG TERM BORROWINGS (contd.)

Nature of Security and Terms of Repayment:

a) Rupee Term Loans from Banks & Financial Institution:

- i) Rupee Term Loans from Banks & FI, including Buyers credit from Banks, aggregating to ₹1,029,670,446 (Previous Year ₹294,901,761) are secured by way of first charge, on pari-passu basis among lending banks & FI, over entire fixed assets (present & future) (except the assets exclusively charged/ hypothecated against specific loan) including equitable mortgage of entire properties of the Company. These loans are further secured by way of extension of first charge on pari-passu basis, on current assets of the Company and personal guarantees of executive directors and others.

₹200,000,000 are repayable in 19 quarterly installments, ₹100,000,000 are repayable in 20 quarterly installments, ₹50,585,184 are repayable in 8 quarterly installments, ₹50,000,000 are repayable in 7 quarterly installments, ₹539,709,365 are repayable in 20 quarterly installments and ₹89,375,897 are repayable in 18 quarterly installments.

- ii) Corporate term loan from bank of ₹17,500,000 (Previous Year ₹45,000,000) is secured by way of extension of first charge, on pari-passu basis with other working capital lending banks, over entire current assets (present and future) of the company. Corporate loan is further secured by way of extension of first pari-passu charge over fixed assets, excluding assets specifically charged/ hypothecated for specific loan, of the company and personal guarantees of executive directors and others.

This loan is repayable in 2 quarterly installments.

- iii) Loans aggregating to ₹983,232 (Previous Year ₹942,421) relate to vehicle purchased and are secured by way of hypothecation & exclusive charge of specified vehicles. Maturity profile is as under:

2013-14	2014-15	2015-16	2016-17	2017-18
₹327,931	₹325,974	₹121,483	₹137,229	₹70,616

- b) Rupee term loans from Others aggregating to ₹20,245,656 (Previous Year ₹23,702,024) relate to assets purchased under hire purchase/ financing arrangements with finance companies and are secured by way of hypothecation of the specified assets. These loans are further secured by personal guarantees of some of the executive directors. Repayable in monthly installments and maturity profile is as under:

2013-14	2014-15	2015-16	2016-17
₹10,743,140	₹5,772,643	₹2,085,373	₹1,644,500

- c) Repayment of Non Convertible Debentures of ₹45,000,000 (Previous Year Optionally Convertible Debentures of ₹135,000,000) has been guaranteed by executive directors and others personally as well as pledge of shares owned by them.

These Debentures were having the option, to be exercised, in full or in part, till 11th September, 2012 by the holder, of conversion into 1,500,000 equity shares of ₹10/- each at a premium of ₹80/- per share. Option was not exercised by the holders till appointed date and hence Debentures got the status of Non Convertible debentures. These debentures are to be redeemed during April, 2014 along with premium.

- d) Repayment of Rupee term loans of ₹84,887,946 (Previous Year ₹7,018,170) from other parties have been guaranteed by executive directors. Further Loan of ₹7.50 crores is additionally secured by pledge of shares owned by executive directors and others. These loans are repayable in monthly installments as per following maturity profile:

2013-14	2014-15	2015-16
₹23,037,946	₹46,850,000	₹15,000,000

- e) Deferred payment liability of ₹1,046,541 (Previous Year ₹2,093,081) is repayable in 2 half - yearly installments and ₹15,191,718 (Previous Year Nil) is repayable in 3 half-yearly installments.

- f) Maturity profile of Fixed Deposits is as under:

2013-14	2014-15
-	₹16,225,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	As at 31.03.2013		As at 31.03.2012	
Note 6 DEFERRED TAX LIABILITY (Net)				
Deferred Tax Liability				
Related to Fixed Assets		59,024,814		60,111,650
Deferred Tax Assets				
- Expenditure allowable on actual payment basis under the Income Tax Act	7,073,241		8,905,891	
- Others	2,043,780	9,117,021	936,564	9,842,455
Net Deferred Tax Liability		49,907,793		50,269,195

Note 7 OTHER LONG TERM LIABILITIES				
Trade payables				
- Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-		-	
- Others	5,896,449	5,896,449	3,152,802	3,152,802
Premium accrued but not due on Non Convertible Debentures		22,785,406		-
Other payables		979,437		578,572
TOTAL		29,661,292		3,731,374

Note 8 LONG TERM PROVISIONS				
Provision for employee benefits (Refer Note 26.1)				
- Gratuity	12,386,669		10,810,180	
- Leave encashment	1,857,238	14,243,907	1,437,491	12,247,671
TOTAL		14,243,907		12,247,671

Note 9 SHORT TERM BORROWINGS				
SECURED				
Working Capital Loans from Banks				
- Rupee Loans	292,490,723		206,188,732	
- Foreign Currency Loans	150,006,771		181,914,161	
- Foreign Currency Loans - Buyers Credit arrangements	87,823,059	530,320,553	15,215,706	403,318,599
UNSECURED				
Loans repayable on demand:				
- from Directors & other related parties	6,072,409		10,641,410	
- from others	2,000,000	8,072,409	-	10,641,410
TOTAL		538,392,962		413,960,009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 9 SHORT TERM BORROWINGS (contd.)

- a) Working capital loans from Banks except Buyers' Credit arrangement of ₹5,58,24,266/- are secured by hypothecation of current assets of the Company both present and future, ranking pari-passu inter-se. These loans are further secured by way of extension of pari-passu 1st charge on fixed assets (except the assets exclusively charged/ hypothecated against specific loan) of the Company and also guaranteed by the Executive Directors and others.
- b) Buyers' credit arrangement of ₹5,58,24,266/- from banks is secured by way of pledge of fixed deposit receipts.

(Amount in ₹)

	As at 31.03.2013		As at 31.03.2012	
Note 10 TRADE PAYABLES				
a. Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-	-	-	-
b. Others	152,188,201	152,188,201	154,940,400	154,940,400
TOTAL		152,188,201		154,940,400

Note 11 OTHER CURRENT LIABILITIES

a. Current maturities of long term debts (Refer Note 5)		162,483,370		151,463,595
b. Interest accrued but not due on borrowings		1,677,521		1,734,964
c. Interest accrued and due on borrowings		5,430,544		3,174,264
d. Unclaimed Dividend #		2,932,982		1,796,238
e. Creditors for Capital Expenditure		34,228,598		10,237,246
f. Advances from Customers		7,419,799		5,466,032
g. Statutory dues		5,553,686		6,773,748
h. Other Payables*		97,168,673		96,456,870
TOTAL		316,895,173		277,102,957

There are no outstanding dues to be paid to Investor Education and Protection Fund.

* Includes unamortized forward contract premium, dues payable to employees and accrued expenses.

Note 12 SHORT TERM PROVISIONS

a. Provisions for Gratuity & Leave Encashment (Refer Note 26.1)				
- Gratuity	3,082,951		2,461,836	
- Leave encashment	858,371	3,941,322	681,597	3,143,433
b. Provision for Income Tax (net of Advance tax)		6,723,180		11,445,090
c. Proposed Dividend		18,723,200		22,723,200
d. Provision for Tax on Proposed Dividend		3,182,008		3,686,271
e. Provision for Excise Duty		-		13,057,717
TOTAL		32,569,710		54,055,711

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

Note 13 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2012	Additions during the Year	Deductions/ Adjustment	As at 31.03.2013	As at 31.03.2012	For the Year	Deductions/ Adjustment	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land & Site Development	80,979,500	26,955,556	-	107,935,056	-	-	-	-	107,935,056	80,979,500
Leasehold Land	14,520,209	42,600,340	-	57,120,549	732,204	626,891	-	1,359,095	55,761,454	13,788,005
Buildings	275,401,679	6,249,003	23,584,097	258,066,585	61,216,173	13,704,845	12,765,582	62,155,436	195,911,149	214,185,506
Plant & Machinery	1,108,307,929	46,653,210	13,251,054	1,141,710,085	408,301,209	94,395,887	11,669,243	491,027,853	650,682,232	700,006,720
Furniture & Fixtures	10,222,259	1,118,043	-	11,340,302	5,348,643	1,406,836	-	6,755,479	4,584,823	4,873,616
Office Equipments	14,691,062	2,344,513	-	17,035,575	8,500,625	2,216,762	-	10,717,387	6,318,188	6,190,437
Vehicles	16,390,265	1,354,319	802,940	16,941,644	8,675,063	2,240,829	692,995	10,222,897	6,718,747	7,715,202
TOTAL	1,520,512,903	127,274,984	37,638,091	1,610,149,796	492,773,917	114,592,050	25,127,820	582,238,147	1,027,911,649	1,027,738,986
Previous Year's Total	1,301,366,573	221,962,219	2,815,889	1,520,512,903	385,383,854	109,340,341	1,950,278	492,773,917	1,027,738,986	915,982,719
INTANGIBLE ASSETS:										
Technical Knowhow	1,462,548	-	-	1,462,548	1,462,548	-	-	1,462,548	-	-
Software	1,880,523	1,214,131	-	3,094,654	764,432	425,164	-	1,189,596	1,905,058	1,116,091
TOTAL	3,343,071	1,214,131	-	4,557,202	2,226,980	425,164	-	2,652,144	1,905,058	1,116,091
Previous Year's Total	2,664,335	678,736	-	3,343,071	1,665,844	561,136	-	2,226,980	1,116,091	998,491
Capital Work-in- progress (including Pre-operative expenses pending allocation to assets - Refer Note 35)									848,000,325	51,984,757

Pursuant to the Companies (Accounting Standards) Amendment Rules, 2011, Company has exercised the option of capitalizing the exchange differences arising on foreign currency long term loans for purchase of depreciable capital assets, in respect of accounting periods commencing from 1st April, 2011, which were hitherto recognized as income or expense in the period in which they arose. Accordingly, loss on account of foreign exchange fluctuations amounting to ₹6,553,599 (Previous Year ₹12,851,542) has been adjusted with the cost of capital assets, to be depreciated over the balance useful life of respective assets.

(Amount in ₹)

	As at 31.03.2013	As at 31.03.2012
Note 14 LONG TERM LOANS & ADVANCES		
(Unsecured and considered good unless otherwise stated)		
a. Capital Advances	113,074,986	17,588,431
b. Security Deposits	16,562,810	12,880,098
c. Other Loans & Advances*	9,001,369	7,756,386
Less: Provision for Doubtful Advances	(4,057,963)	(1,088,832)
TOTAL	134,581,202	37,136,083

* Includes Loans to Employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	As at 31.03.2013	As at 31.03.2012
Note 15 OTHER NON CURRENT ASSETS		
(Unsecured)		
a. Long term Trade Receivables	1,954,925	2,886,621
Less: Provision for Doubtful Debts	(1,954,925)	(2,886,621)
b. Mat Credit available for set off	106,148,539	78,959,655
c. Credit/ Refund of Statutory Dues	2,897,347	-
TOTAL	109,045,886	78,959,655

Note 16 INVENTORIES

(Refer Note no. 1.9 for valuation)

a. Raw-Materials	128,609,947	133,835,336
Raw-Materials in transit	1,549,440	-
b. Work-in-progress	34,890,891	68,284,459
c. Finished Goods	160,396,910	210,184,266
d. Stock-in-trade (Polyester Staple Fibre)	17,218	1,418,618
e. Stores & Spares	65,241,381	59,454,753
TOTAL	390,705,787	473,177,432

16.1 Details of Raw Materials

Plastic/ Pet Bottle Scrap	80,026,040	88,887,187
POY/ Texturised/ Twisted Yarn	3,603,412	5,672,900
Colour & Chemicals	42,534,342	36,135,283
Packing Materials	3,995,593	3,139,966
TOTAL	130,159,387	133,835,336

16.2 Details of Work-in-progress

Polyester Staple Fibre	20,099,997	54,493,979
Dyed Texturised Yarn	11,445,160	13,060,899
Spun Yarn	3,345,734	729,581
TOTAL	34,890,891	68,284,459

16.3 Details of Finished Goods

Polyester Staple Fibre	115,574,205	172,625,984
Dyed Texturised Yarn	24,881,924	14,254,133
Spun Yarn	19,914,001	23,156,519
Waste & Scrap	26,780	147,630
TOTAL	160,396,910	210,184,266

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	As at 31.03.2013		As at 31.03.2012	
Note 17 TRADE RECEIVABLES				
(Unsecured)				
a. Over Six Months from due date -				
Considered Good	749,806		1,102,293	
Considered Doubtful	-		-	
	749,806		1,102,293	
Less : Provision for Doubtful Debts	-	749,806	-	1,102,293
b. Others (Considered Good)		343,297,697		310,097,609
TOTAL		344,047,503		311,199,902

Note 18 CASH & BANK BALANCES

A. Cash and Cash Equivalents:				
a. Balances with Banks (in current accounts)	10,003,376		19,549,245	
b. Cheques on hand	10,129,722		1,475,152	
c. Cash on hand	1,711,337		2,878,199	
d. Fixed Deposits with Banks	160,035,000	181,879,435	32,012,940	55,915,536
B. Other Bank Balances:				
a. Unclaimed dividend accounts	2,932,982		1,796,238	
b. Fixed Deposits with Banks #				
- Held as margin money with Banks/ pledged to Excise authorities	71,209,898		44,006,444	
- Others	-	74,142,880	45,000	45,847,682
TOTAL		256,022,315		101,763,218

Fixed deposits with banks include deposits of ₹46,737/- (Previous Year ₹45,000) with maturity of more than 12 months.

Note 19 SHORT TERM LOANS & ADVANCES

(Unsecured and considered good)				
a. Prepaid Expenses & Lease rent		6,927,596		4,151,743
b. Security Deposits		3,581,150		1,326,150
c. Advances to Vendors		24,364,634		33,869,957
d. Advances to Employees and Others		3,079,925		3,323,676
TOTAL		37,953,305		42,671,526

Note 20 OTHER CURRENT ASSETS

a. Export incentives receivable		15,666,052		22,601,077
b. Interest Subsidy and Interest receivable		9,007,597		5,271,116
c. Deferred Forward Contract Premium		2,560,851		2,123,731
d. Credits/ Refund of Statutory Dues		38,740,472		7,764,043
e. Capital Investment Subsidy Receivable		-		3,000,000
f. Discarded Fixed Assets held for disposal		220,000		-
TOTAL		66,194,972		40,759,967



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
Note 21 REVENUE FROM OPERATIONS		
a. Sale of Products		
i) Manufactured		
- Polyester Staple Fibre	3,510,896,750	3,236,988,184
- Dyed Texturized Yarn	461,116,513	404,695,955
- Spun Yarn*	318,553,922	229,170,846
- Waste and Scrap	13,413,939	9,499,576
ii) Traded Goods		
- Polyester Staple Fibre	9,703,431	6,849,891
- Yarn	40,284,573	1,712,147
SUB-TOTAL	4,353,969,128	3,888,916,599
b. Other Operating Revenues		
i) Job Work receipt	180,677	428,214
ii) Insurance Claims	33,237	1,944,025
iii) Service Tax refund	1,169,352	309,001
iv) Others	1,020,527	80,728
TOTAL	4,356,372,921	3,891,678,567
Less: Excise Duty	3,480,191	36,617,668
TOTAL	4,352,892,730	3,855,060,899

* Conversion of own manufactured Polyester Staple Fibre into Spun yarn on job work from an outside party.

Note 22 OTHER INCOME		
a. Interest received	3,435,047	6,794,704
b. Net Gain on foreign currency transaction & translation	6,555,223	9,655,004
c. Net Gain on fixed assets sold/discarded	-	251,556
d. Other non-operating Income	759,468	279,775
TOTAL	10,749,738	16,981,039

Note 23 COST OF MATERIALS CONSUMED		
Raw Materials:		
a. Plastic/ Pet bottles scraps	2,217,169,914	2,180,274,033
b. POY/Texturized/ Twisted Yarn	307,765,277	282,578,091
c. Colour & Chemicals	271,309,923	216,920,585
d. Packing Material & Expenses	42,751,885	38,457,617
TOTAL	2,838,996,999	2,718,230,326

Note 24 PURCHASES OF STOCK-IN-TRADE		
a. Polyester Staple Fibre	6,499,802	5,980,887
b. Yarn	38,469,943	1,596,013
TOTAL	44,969,745	7,576,900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

		Year ended 31.03.2013	Year ended 31.03.2012
Note	25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
a.	Closing Inventories:		
i)	Finished Goods & Stock-in-trade	160,414,128	211,602,884
ii)	Work-in-progress	34,890,891	195,305,019
		68,284,459	279,887,343
	Less:		
b.	Opening Inventories:		
i)	Finished Goods & Stock-in-trade	211,602,884	131,811,146
ii)	Work-in-progress	68,284,459	279,887,343
		32,996,639	164,807,785
	TOTAL	(84,582,324)	115,079,558

Note	26 EMPLOYEE BENEFITS EXPENSE		
a.	Salaries, Wages and Bonus etc.	183,841,134	151,764,790
b.	Contribution to Provident & Other Funds	7,585,237	7,096,041
c.	Staff Welfare Expenses	7,862,519	7,505,383
	TOTAL	199,288,890	166,366,214

26.1 Disclosures in accordance with Accounting Standard - 15 on Employee benefits

a) Defined Contribution Plans

Contribution towards Defined Contribution Plans, recognized as expenses for the year is ₹75,85,237 (Previous Year ₹70,96,041).

b) Defined benefit Plans

As per Actuarial Valuation on 31st March, 2013

i) Expenses recognized in the Statement of Profit & Loss for the year ended 31st March, 2013: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
1 Current Service Cost	2,349,223	2,066,521	858,394	576,685
2 Past Service Cost	-	-	-	-
3 Interest Cost	1,141,393	868,847	182,242	138,383
4 Expected Return on the Plan Assets	-	-	-	-
5 Net Actuarial (Gain)/ Losses recognized	(524,334)	879,256	(327,421)	(213,457)
6 Curtailment Cost/ Settlement Cost	-	-	-	-
7 Total Expense*	2,966,282	3,814,624	713,215	501,611

* Includes Gratuity of ₹17,520 (Previous Year Nil) and Leave Encashment of ₹6,053 (Previous Year Nil) transferred to Pre-operative Expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 26 EMPLOYEE BENEFITS EXPENSE (contd.)

26.1 Disclosures in accordance with Accounting Standard - 15 on Employee benefits (contd.)

ii) Net Asset/ (Liability) recognized in Balance Sheet as at 31st March, 2013: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
1 Present value of Defined Benefit Obligation on 31st March	15,469,620	13,272,016	2,715,609	2,119,088
2 Fair Value of Plan Assets on 31st March	-	-	-	-
3 Funded Status [Surplus/ (Deficit)]	(15,469,620)	(13,272,016)	(2,715,609)	(2,119,088)
4 Net Asset/ (Liability) recognized in Balance Sheet on 31st March	15,469,620	13,272,016	2,715,609	2,119,088

iii) Change in Present Value of Obligation during the year ended 31st March, 2013: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
1 Present value of Obligation at the beginning of the year	13,272,016	10,860,584	2,119,088	1,729,788
2 Interest Cost	1,141,393	868,847	182,242	138,383
3 Past Service Cost	-	-	-	-
4 Current Service Cost	2,349,223	2,066,521	858,394	576,685
5 Curtailment Cost/ Settlement Cost	-	-	-	-
6 Benefit payments	(768,678)	(1,403,192)	(116,694)	(112,311)
7 Actuarial (Gain)/ Loss on obligation	(524,334)	879,256	(327,421)	(213,457)
8 Present value of Obligation at the end of the year	15,469,620	13,272,016	2,715,609	2,119,088

iv) Fair value & changes in fair value of Plan Assets during the year ended 31st March, 2013:

Gratuity & Leave encashment obligations are not funded

v) Actuarial Assumption

Particulars	As on 31st March, 2013	As on 31st March, 2012
1 Discount Rate	8.10%	8.60%
2 Salary Escalation Rate	7.00%	7.00%
3 Expected Rate of Return on Plan Assets	-	-
4 Mortality	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table
5 Withdrawal Rate	15% p.a.	15% p.a.

- c) Employees 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
Note 27 FINANCE COSTS		
a. Interest Expense	74,185,918	92,256,476
b. Other borrowing costs	27,470,057	9,338,929
c. Net Loss on foreign currency transactions and translations	894,502	8,718,021
TOTAL	102,550,477	110,313,426

Note 28 DEPRECIATION AND AMORTIZATION EXPENSES		
a. Depreciation	114,013,469	109,775,841
b. Amortization	626,891	115,667
TOTAL	114,640,360	109,891,508

Note 29 OTHER EXPENSES			
A. Manufacturing Expenses:			
a. Consumption of Stores & Spares		99,858,925	99,941,007
b. Power and Fuel		317,381,763	272,821,373
c. Processing Charges		70,921,920	62,463,009
d. Excise Duty*		-	4,166,588
e. Repairs to:			
- Machinery	14,807,012		17,043,159
- Building	2,895,981		5,263,385
- Others	2,097,780	19,800,773	2,238,365
TOTAL (A)		507,963,381	463,936,886
* Represents excise duty related to the difference between the closing and opening stocks.			
B. Administrative Expenses:			
a. Rent		5,648,632	4,195,936
b. Insurance		4,611,265	3,782,050
c. Rates and Taxes		703,379	867,773
d. Travelling and Conveyance		5,840,383	7,207,648
e. Printing and Stationery		2,545,763	2,493,344
f. Postage and Telephones		4,215,947	4,252,798
g. Payments to the Auditors as:			
- Audit Fee	337,080		180,563
- For Tax / Vat Audit	73,034		33,011
- For Certification	59,217		96,739
- For reimbursement of expenses	5,618	474,949	4,412
			314,725



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

	Year ended 31.03.2013	Year ended 31.03.2012
Note 29 OTHER EXPENSES (contd.)		
h. Cost Auditors' Remuneration:		
- Audit Fee	60,674	15,000
- For reimbursement of expenses	-	5,000
	60,674	20,000
i. Listing Fees	72,944	97,954
j. Directors' Sitting Fee	163,596	115,000
k. Vehicle Running and Maintenance	5,720,032	5,113,584
l. Legal and Professional Charges	3,653,690	2,764,221
m. Filing Fees	16,244	17,250
n. Miscellaneous Expenses	9,322,645	9,471,214
o. Premium on Forward Exchange amortised	7,200,380	2,481,341
p. Prior period Items (Net)	755,147	373,724
q. Provision for Doubtful Debts Written Back	(1,180,022)	(45,110)
r. Provision for Doubtful Debts/ Advances	3,674,744	1,088,832
s. Loss on fixed assets sold/ discarded	11,616,940	-
t. Lease Rent	143,930	85,893
TOTAL (B)	65,261,262	44,698,177
C. Selling Expenses:		
a. Freight and Forwarding charges	126,076,882	135,886,040
b. Other Selling & Distribution Expenses	14,626,086	16,543,263
TOTAL (C)	140,702,968	152,429,303
TOTAL (A+B+C)	713,927,611	661,064,366

(Amount in ₹)

	2012-13	2011-12
Note 30 EARNINGS PER SHARE		
Profit attributable to Equity Shareholders for Basic & Diluted EPS	239,364,736	202,488,153
Less: a) Tax adjustments for earlier years	1,423,424	(131,647)
b) Mat Credit reversal for earlier years	1,919,447	2,269,934
c) Tax on Preference Dividend	301,275	730,013
Net Profit attributable to Equity Shareholders	235,720,590	199,619,853
Weighted average number of Equity Shares for Basic and Diluted Earnings per share (Numbers)	15,186,000	14,160,104
Nominal Value per Equity Share (₹)	10	10
Earnings per share		
- Basic	15.52	14.10
- Diluted	15.52	14.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12	
	Value (₹)	Percentage of total consumption	Value (₹)	Percentage of total consumption
Note 31 IMPORTED AND INDIGENEOUS RAW MATERIALS AND STORES & SPARES CONSUMED				
a. Raw Material				
- Imported	191,102,389	6.73	183,183,139	6.74
- Indigeneous	2,647,894,610	93.27	2,535,047,187	93.26
	2,838,996,999	100.00	2,718,230,326	100.00
b. Stores & Spares				
- Imported	15,314,364	15.34	22,086,032	22.10
- Indigeneous	84,544,561	84.66	77,854,975	77.90
	99,858,925	100.00	99,941,007	100.00

(Amount in ₹)

	2012-13	2011-12
Note 32 CIF VALUE OF IMPORTS		
Raw Materials/ Traded Goods	175,959,545	152,565,547
Stores & Spares	13,873,809	20,773,485
Capital Goods	168,699,296	38,801,364

Note 33 EXPENDITURE IN FOREIGN CURRENCY			
Travelling		1,272,666	1,049,539
Commission		950,755	1,802,862
Interest		13,843,227	10,138,635
Miscellaneous		-	19,466

Note 34 EARNINGS IN FOREIGN CURRENCY			
F.O.B. Value of Exports		566,341,980	769,030,414

Note 35 PRE-OPERATIVE EXPENSES				
(relating to Expansion/ Greenfield Projects and included in Capital Work in progress)				
Opening Balance		9,134,639		414,077
Add: a) Employee benefits expense	6,574,073		3,325,727	
b) Depreciation/ Amortization expense	376,854		9,969	
c) Other Expenses	7,558,680		1,483,546	
d) Finance costs	71,322,061	85,831,668	3,901,320	8,720,562
		94,966,307		9,134,639
Less: Allocation to Fixed Assets		-		-
Closing Balance		94,966,307		9,134,639

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 36 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 are mainly having similar risks and returns. Since Company's business activity falls within a single business segment (synthetic textile), hence it has no other primary reportable segments.

b) Secondary Segment (by Geographical demarcation):

(Amount in ₹)

	2012-13	2011-12
Revenue from Operations (net of excise duty):		
- Domestic (Within India)	3,766,951,101	3,064,926,120
- Export	585,941,629	790,134,779
TOTAL	4,352,892,730	3,855,060,899

Note 37 RELATED PARTY DISCLOSURES

37.1. Names of related parties & description of relationship:

A. Key Management Personnel:

- | | |
|--------------------------------|--------------------------------|
| 1. Shri Shyam Sunder Sharmma | 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 Sunder Sharmma |
| 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:

- Sandeep Yarns Pvt. Ltd.
- GPL Finance Limited

37.2 Summary of Transactions:

(Amount in ₹)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/ Relatives
i) Transactions during the year			
Managerial Remuneration	2,95,00,000 (2,40,31,769)	— (—)	— (—)
Salary	— (—)	9,00,000 (7,47,000)	— (—)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 37 RELATED PARTY DISCLOSURES (contd.)

37.2 Summary of Transactions: (contd.)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/ Relatives
Reimbursement of Expenses	7,81,618 (2,12,130)	11,185 (2,66,953)	– (–)
Interest	4,38,931 (18,71,889)	60,683 (82,309)	5,47,029 (12,62,439)
Unsecured Loan/Fixed Deposit Accepted	1,70,75,000 (5,29,22,955)	11,45,000 (5,85,000)	4,12,50,000 (1,54,50,000)
Unsecured Loan/Fixed Deposit Repaid	1,13,68,945 (5,61,77,101)	5,85,000 (3,03,500)	4,23,25,056 (2,57,69,944)
Share Premium received on conversion of Warrants	– (4,24,80,000)	– (–)	– (30,00,000)
ii) Amount Outstanding at Balance Sheet date			
Unsecured Loan/Fixed Deposit Outstanding	1,52,72,409 (95,66,354)	11,45,000 (5,85,000)	– (10,75,056)
Amounts Payable	14,76,768 (796,420)	1,45,210 (87,698)	– (2,40,406)

37.3 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).

37.4 The Company has not given/provided any guarantee/collaterals for and on behalf of the aforementioned related parties.

37.5 Previous Year figures have been given in brackets.

(Amount in ₹)

	As at 31.03.2013	As at 31.03.2012
Note 38 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)		
i) Contingent Liabilities		
a) Bills Discounted under Letters of Credit and outstanding	5,81,21,917	94,299,280
b) Claims against the Company not acknowledged as debt	1,980,303	1,581,338
c) Disputed Tax matters under appeal:		
- Income Tax demand	250,000	250,000
- Entry Tax Liability	2,787,849	2,787,849
- Excise Duty Liability	1,557,031	–
- RTO Tax liability in respect of Company's old vehicle	552,960	552,960



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in ₹)

		As at 31.03.2013	As at 31.03.2012
Note 38	CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for) (contd.)		
d)	Appeal filed against the Company before Hon'ble Supreme Court in respect of amount received by the Company under an award decided in favour of the Company	8,097,600	8,097,600
e)	Service Tax Refund disputed by Customs, Central Excise and Service Tax Department in CESTAT	228,259	228,259
ii)	Commitments		
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	421,851,093	136,278,910
b)	Undertakings given by the Company to fulfil quantified exports in respect of capital goods imported under the Export Promotion Capital Goods Scheme of the Government of India (net of obligations fulfilled)	104,600,320	8,998,694

Note 39 FINANCIAL & DERIVATIVES INSTRUMENTS

Nominal value of Forward Contracts entered into by the Company for hedging foreign currency risks and outstanding as on 31st March, 2013 amounting to ₹38,091,248 (Previous Year ₹51,650,664).

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or forward contracts as at 31st March, 2013 amounting to ₹207,832,014 (Previous Year ₹167,944,856).

Note 40 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2013 (Previous Year Nil). The 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.

Note 41

Previous Year figures have been reclassified to conform to this year's classification.

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

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Place: Kanpur
Dated: 25th May, 2013

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Finance Officer



GANESHA ECOSPHERE LTD

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

NOTICE

NOTICE is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Members of GANESHA ECOSPHERE LTD. will be held on Wednesday, the 11th day of September, 2013 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, 2013 and Statement of Profit and Loss 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).
3. To appoint a Director in place of Shri Rajesh Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pradeep Kumar Goenka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vishwa Nath Chandak, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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:

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

"RESOLVED THAT Mrs. Indu Gupta, 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 her candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri Gopal Singh Shekhavat, 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."

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

"RESOLVED THAT pursuant to provisions of Section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Gopal Singh Shekhavat as Whole Time Director of the Company, designated as Director (Administration), for a period of five years with effect from 1st June, 2013 on the following terms and conditions as approved by the Remuneration Committee:-

A) SALARY & ALLOWANCES:

• Basic Salary	: ₹ 50,000/- p.m.
• House Rent Allowance	: ₹ 30,000/- p.m.
• Medical Allowance	: ₹ 20,000/- p.m.
Total	<u>₹ 1,00,000/- p.m.</u>

B) PERQUISITES:

The Director (Administration) may be allowed perquisites, the aggregate monetary value of which in any year shall not exceed ₹6,00,000/- per annum. The components of such perquisites shall be as finalized, from time to time, by the Chairman-cum-Managing Director of the Company."

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

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

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

10. 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 Vishnu Dutt Khandelwal as Whole Time Director of the Company, designated as Executive Vice Chairman, for a period of five years with effect from 19th June, 2013 on the following terms and conditions as

approved by the Remuneration Committee:-

A) SALARY:

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

B) PERQUISITES:

- I. The Executive Vice Chairman shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation of gas, electricity, water, reimbursement of medical expenses, leave travel concession for self and family including dependents, club fees, premium towards personal accident insurance and mediclaim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of the perquisites in any year shall not exceed ₹6,00,000/- per annum without restriction to any sub limit on individual perquisite.

Explanation:-

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

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

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

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 Executive Vice Chairman 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 ₹6,00,000/- (Rupees Six Lacs only) in any financial year subject, however, to necessary approvals.

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

C) ADDITIONAL REMUNERATION:

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

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

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

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

11. 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 Rajesh Sharma as Whole Time Director of the Company, designated as Executive Director, for a period of five years with effect from 19th June, 2013 on the following terms and conditions as approved by the Remuneration Committee:-

A) SALARY:

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

B) PERQUISITES:

- I. The Executive Director shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation of gas, electricity, water, reimbursement of medical expenses, leave travel concession for self and family including dependents, club fees, premium towards personal accident insurance and medi-claim and all other payments in the nature of perquisites and allowances as agreed by the Board of Directors from time to time, subject however that the aggregate monetary value of the perquisites in any year shall not exceed ₹6,00,000/- per annum without restriction to any sub limit on individual perquisite.

Explanation:-

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

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

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

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 Executive 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 ₹6,00,000/- (Rupees Six Lacs only) in any financial year subject, however, to necessary approvals.



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

C) ADDITIONAL REMUNERATION:

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

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

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

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

given thereto expressly by the authority of this resolution."

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 applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules and Regulations framed there under, Listing Agreement with Stock Exchange(s), Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 or any amendments or modification(s) thereof and all other applicable laws, rules, regulations and guidelines for the time being in force and subject to such approvals, permissions and sanctions, as may be necessary, and subject to the compliance with other statutory formalities and such conditions and modifications as may be prescribed or imposed by any authority including the Stock Exchange(s), while granting such approvals, permissions or sanctions, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board") or any person(s) authorized by the Board, the consent of the members be and is hereby accorded to the Board to voluntarily delist the Equity Shares of the Company from U.P. Stock Exchange Limited, Kanpur, subject to the condition that Equity Shares of the Company shall continue to remain listed at BSE Limited, Mumbai."

"RESOLVED FURTHER THAT the Board of directors or the person(s) authorized by the Board be and is/are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as may be considered necessary, proper and desirable and to settle any question, difficulties or doubts that may arise in regard to Voluntary Delisting of the Equity Shares from U.P. Stock Exchange Limited, Kanpur and matters incidental, consequential and connected therewith."

Registered Office:
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date: 12th August, 2013.

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. 7 to 12 as set out above is annexed hereto.
 4. The Register of Members and Share Transfer books of the Company shall remain closed from **Tuesday, 3rd September, 2013 to Wednesday, 11th September, 2013** (both days inclusive).
 5. 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 those Members:-
 - a) whose names appear as 'Beneficial Owners' as at the end of the business hours on **2nd September, 2013** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of Equity Shares held in dematerialised form and
 - b) whose names appear on the Company's Register of Members after giving effect to valid share transfer request(s) lodged with the Company / its Registrar and Share Transfer Agent on or before the close of business hours on **2nd September, 2013**, in respect of Shares held in physical form.
 6. Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Share Transfer Agents, M/s Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.
 7. Members holding Shares in physical form may write to the Company's Registrar & Share 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.
 8. 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.
 9. Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
 10. 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.
 11. 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.
 12. 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.
 13. 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 Share 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.

14. 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.
15. 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 & Share 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.

16. 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 & Share 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.
17. The relevant details in respect of Item Nos. 3 to 5 and 7 to 11 pursuant to Clause 49 of the Listing Agreement are as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT:

Particulars	Shri Rajesh Sharma	Shri Pradeep Kumar Goenka	Shri Vishwa Nath Chandak
Date of Birth	15th January, 1969	15th September, 1954	7th September, 1937
Date of Appointment	19th June, 2008	29th July, 2006	28th February, 2009
Qualification	B.Com.	Chartered Accountant	M. Com, LL.B
Expertise in specific functional area	Having 23 years experience in plant administration and operations.	Having a rich professional experience of over 37 years in the field of finance and related consultancy services.	Experience of over 37 years as a senior executive in Eastern Spinning Mills & Industries Ltd.
Chairman/ Director of other Companies (excluding foreign Companies)	NIL	▶ Frontier Springs Ltd. ▶ Kanpur Plastipack Ltd. ▶ Abhyuday Infrastructure Ltd. ▶ Abhyuday Industrial Consultants (P) Ltd. ▶ Hiltech Education (P) Ltd. ▶ Motilal Padampat Udyog (P)Ltd.	▶ Astha Business Pvt. Ltd. ▶ Eastern Textiles (P) Ltd. ▶ Wellman Polyfibre Products (P) Ltd.
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	NIL	FRONTIER SPRINGS LTD. Audit Committee - Chairman Shareholders and Investors Grievance Committee - Member KANPUR PLASTIPACK LTD. Audit Committee - Member Shareholders and Investors Grievance Committee - Chairman	NIL
Shareholding in Ganesha Ecosphere Ltd.	10,90,778 Equity Shares of ₹10/- each.	NIL	NIL

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT (contd.):

Particulars	Mrs. Indu Gupta	Shri Gopal Singh Shekhavat	Shri Vishnu Dutt Khandelwal
Date of Birth	4th May, 1970	15th June, 1953	6th March, 1949
Date of Appointment	25th May, 2013	25th May, 2013	30th October, 1987
Qualification	M.Com	B.A.	M. Com
Expertise in specific functional area	Having experience of 20 years in finance, taxation, fund raising, credit analysis and management of corporate loan portfolio.	Having rich experience spanning over 40 years in textile industry.	Having experience of over 40 years in trading of different types of Textile Yarns. Also has rich experience in the field of Accounting and Financial Management.
Chairman/ Director of other Companies (excluding foreign Companies)	Daaj Hotels & Resorts Pvt. Ltd.	NIL	Sandeep Yarns (P) Ltd.
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	NIL	NIL	NIL
Shareholding in Ganesha Ecosphere Ltd.	NIL	46,130 Equity Shares of ₹10/- each.	9,20,200 Equity Shares of ₹10/- each.

ANNEXURE TO NOTICE

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

Item No. 7:

With a view to broad base the Board and ensuring better Governance, the Board of Directors on 25th May, 2013, inducted Mrs. Indu Gupta, as an Additional Director and nominee of IFCI Venture Capital Funds Ltd. and she 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 Mrs. Indu Gupta as a Director of the Company.

Mrs. Indu Gupta is M.Com. and having Diploma in Business Finance. She has an experience of about 20 years in finance, taxation, fund raising, credit analysis and management of corporate loan portfolio. She is presently holding the position of Chief Finance Officer of IFCI Venture Capital Funds Ltd.

The Board recommends the resolution for approval of the members. None of the Directors of the Company except Mrs. Indu Gupta herself may be considered as concerned or interested in the resolution.

Item No. 8 & 9:

With a view to broad base the Board and ensuring better Governance, the Board of Directors on 25th May, 2013, inducted

Shri Gopal Singh Shekhavat, as an Additional Director 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 Gopal Singh Shekhavat as a Director of the Company.

The Board of Directors of the Company has also appointed Shri Gopal Singh Shekhavat as Whole-time Director of the Company designated as Director (Administration) for a period of 5 years with effect from 1st June, 2013. The terms and conditions of his appointment are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee.

Shri Gopal Singh Shekhavat, associated with the Company since long, is graduate in arts and has rich experience spanning over 40 years in textile industry. The Board considered that his appointment as Director (Administration) will be of immense benefit to the Company and accordingly recommends the resolution for approval of the members.

None of the Directors of the Company except Shri Gopal Singh Shekhavat himself, may be considered as concerned or interested in the resolution.



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

Item No. 10:

The Members at the 19th Annual General Meeting of the Company held on 4th September, 2008, approved the appointment of Shri Vishnu Dutt Khandelwal as Whole-time Director of the Company designated as Executive Vice Chairman for a period of five years with effect from 19th June, 2008 and his term of appointment expired on 18th June, 2013. Considering the experience and valuable contribution made by Shri Vishnu Dutt Khandelwal, the Board of Directors of the Company at its meeting held on 25th May, 2013, re-appointed Shri Vishnu Dutt Khandelwal as Whole-time Director of the Company designated as Executive Vice Chairman for a further period of five years w.e.f. 19th June, 2013. The terms and conditions of his re-appointment are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee. The Board accordingly recommends the resolution for approval of the members.

None of the Directors, except Shri Vishnu Dutt Khandelwal himself and Mr. Shyam Sunder Sharmma, Chairman-cum-Managing Director being related to him may be considered as concerned or interested in the resolution.

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

Item No. 11:

The Members at the 19th Annual General Meeting of the Company held on 4th September, 2008, approved the appointment of Shri Rajesh Sharma as Whole-time Director of the Company designated as Executive Director for a period of five years with effect from 19th June, 2008 and his term of appointment expired on 18th June, 2013. Considering the experience and valuable contribution made by Shri Rajesh Sharma, the Board of Directors of the Company at its meeting held on 25th May, 2013, re-appointed Shri Rajesh Sharma as Whole-time Director of the Company designated as Executive Director for a further period of five years w.e.f. 19th June, 2013. The terms and conditions of his re-appointment are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and have been approved by the Remuneration Committee. The Board accordingly recommends the resolution for approval of the members.

None of the Directors, except Shri Rajesh Sharma himself, Mr. Shyam Sunder Sharmma, Chairman-cum-Managing Director

and Shri Sharad Sharma, Joint Managing Director being related to him may be considered as concerned or interested in the resolution.

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

Item No. 12:

The Equity Shares of the Company are presently listed at U.P. Stock Exchange Limited, Kanpur and BSE Limited, Mumbai. The Shares of the Company are being traded at BSE Limited. As the trading platform of U.P. Stock Exchange Limited is virtually defunct and non-operational, there has been no trading in the Equity Shares of the Company at the U.P. Stock Exchange Limited for the last many years. The Company had to incur expenditure on account of Annual Listing Fees to the Stock Exchange whereas no useful purpose is served in continuing listing at U.P. Stock Exchange Limited.

In view of the above, the Board of Directors of the Company after due consideration decided to voluntarily delist the Equity Shares of the Company from the U.P. Stock Exchange Limited while resorting to special provisions for voluntary delisting of Equity Shares under Regulation 6 of Chapter III of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. The Voluntary Delisting of Equity Shares in the opinion of Board will save the avoidable cost. In terms of the provisions of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, no exit opportunity is required to be provided to the public shareholders of the Company as the Equity Shares of the Company would continue to remain listed on BSE Limited, Mumbai, which has nationwide trading terminals and as such interests of none of the members of the Company will be adversely affected.

The Members' approval is being sought by passing a Special Resolution for delisting of the Company's Equity Shares from the U.P. Stock Exchange Limited in accordance with the provisions of Companies Act, 1956 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. Your Directors, accordingly, recommend the Special Resolution for approval of the members.

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

Registered Office:

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

Date: 12th August, 2013.

By Order of the Board

(BHARAT KUMAR SAJNANI)

Company Secretary

IMPORTANT MESSAGE

MCA's Green Initiative for Paperless Communication

In order to conserve paper and to protect environment, Ministry of Corporate Affairs (MCA), Government of India, vide circular no.17/2011 dated 21.04.2011 and circular no. 18/2011 dated 29.04.2011, has allowed and envisaged the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its green initiatives in corporate governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report to its shareholders in electronic form, to the e-mail address provided by them and made available to it by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository.

Shareholders can avail e-communication facility by registering their e-mail address with the Company by sending the request on e-mail to admin@skylinerta.com, if shares are held in physical mode or with their DP, if the holding is in electronic mode.

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



GANESHA ECOSPHERE LTD

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

ATTENDANCE SLIP

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 24th Annual General Meeting of the Company on Wednesday, 11th September, 2013 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.



GANESHA ECOSPHERE LTD

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

PROXY

Folio No.

DP ID No.

Client ID No.

I/We _____

R/o _____

being a member/ members of GANESHA ECOSPHERE LTD. hereby appoint _____

_____ R/o _____

or failing him _____

R/o _____

as my/our proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Wednesday, the 11th September, 2013 at 5:30 P.M. at the Registered Office of the Company, or at any adjournment thereof.

Signed this _____ day of _____ 2013.

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.

Corporate Information

Board of Directors

Shri Shyam Sunder Sharmma	<i>Chairman and Managing Director</i>
Shri Vishnu Dutt Khandelwal	<i>Executive Vice Chairman</i>
Shri Sharad Sharma	<i>Joint Managing Director</i>
Shri Rajesh Sharma	<i>Executive Director</i>
Shri Gopal Singh Shekhavat	<i>Director - Administration</i>
Shri Surendra Kumar Kabra	
Shri Pradeep Kumar Goenka	
Shri Vishwa Nath Chandak	
Shri Anoop Gupta	
Smt. Indu Gupta	

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
Bank of Baroda
Exim Bank

Offices:

Administrative office:

113/216-B, Swaroop Nagar,
Kanpur-208002, Uttar Pradesh
Email: gesl@ganeshaecosphere.com
Tel: +91-512-2555504-06, Fax: +91-512-2555293

Registered Office:

Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat, Uttar Pradesh
Email : geslworksknp@ganeshaecosphere.com
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 Units :

- a) Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar,
Pargana and Tehsil Bilaspur, Distt. Rampur, Uttar Pradesh.
- b) Gata No. 103,109,113,111, 125, 126, 127,
Village Temra, Tehsil Bilaspur, Distt. Rampur (U.P.)

Website:

www.ganeshaecosphere.com

BOOK POST

“Without environmental sustainability,
economic stability and social cohesion
cannot be achieved” - Phil Harding



GANESHA ECOSPHERE LTD.
113/216-B, Swaroop Nagar,
Kanpur-208002, Uttar Pradesh