



GANESHA ECOSPHERE LTD.
25TH ANNUAL REPORT 2013-14

STAYING THE COURSE



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.

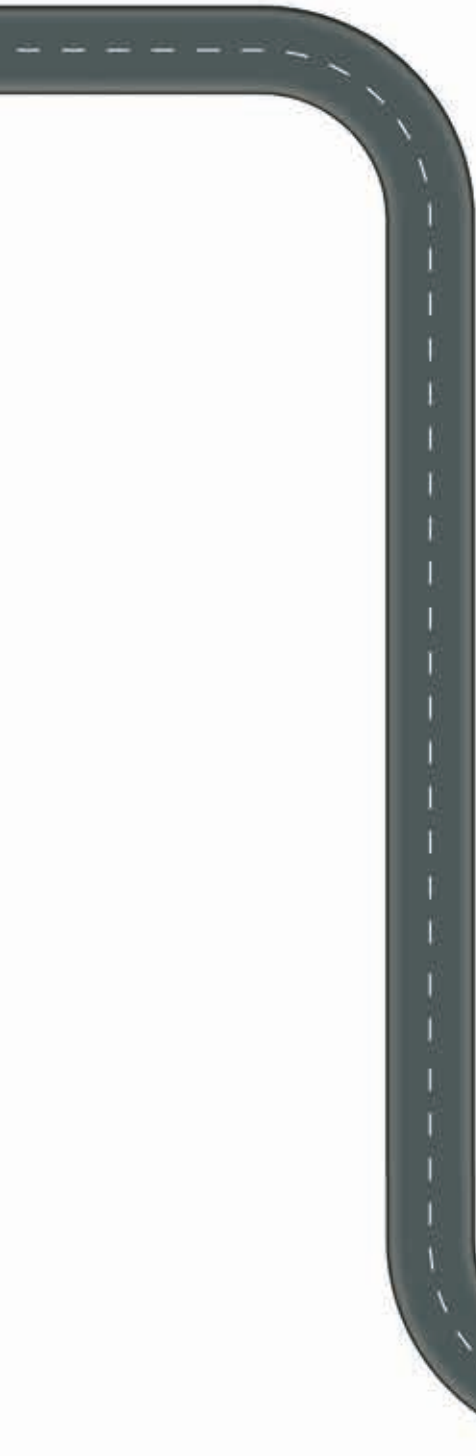
We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying 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.

Document milestone

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✦ **The** year 2013-14 was a trying one for country, sector and Company.

Business slowed. Inflation spiked. Fund costs stayed expensive. The value of Indian currency declined to its lowest against the USD.

These uncertainties notwithstanding, Ganesha Ecosphere reported a 14.65% rise in revenues and a 16.83% increase in EBIDTA.

Our counter-trend performance was the result of three words that have come to define our strategic direction and commitment.

**STAYING THE
COURSE.**



THE ULTIMATE BUSINESS IS ONE THAT GENERATES WEALTH FROM WASTE.

OVER THE LAST 19 YEARS, GANESHA ECOSPHERE HAS BUILT AN ENTIRE BUSINESS USING PET WASTE TO MANUFACTURE REGENERATED POLYESTER STAPLE FIBRE.

GENERATING ₹ 2,610.97 CRORE IN CUMULATIVE REVENUES AND ₹ 106.84 CRORE IN PAT IN ITS EXISTENCE.

**HELPING CLEAN THE WORLD.
BENEFITING SOCIETY. ENRICHING SHAREHOLDERS.**

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

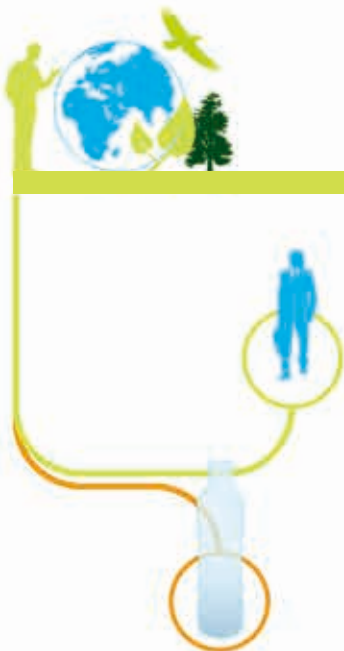
To be a high-performance organisation by making the best use of resources and empowering people.

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.

To build relationships with stakeholders based on trust, transparency and ethical business conduct.

To contribute to the cause of making our planet a better place to live in for the present and the future generations.



+14.65%

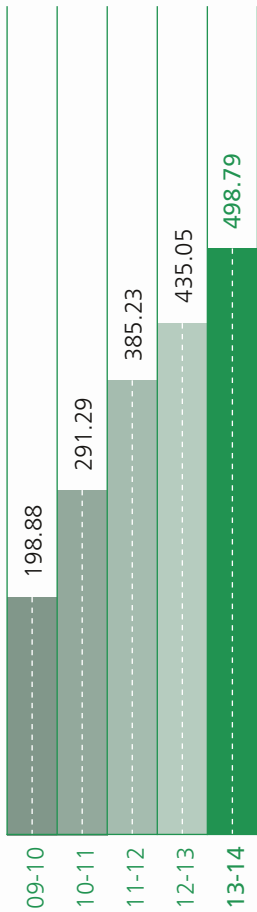
Growth in revenues over 2012-13

+16.83%

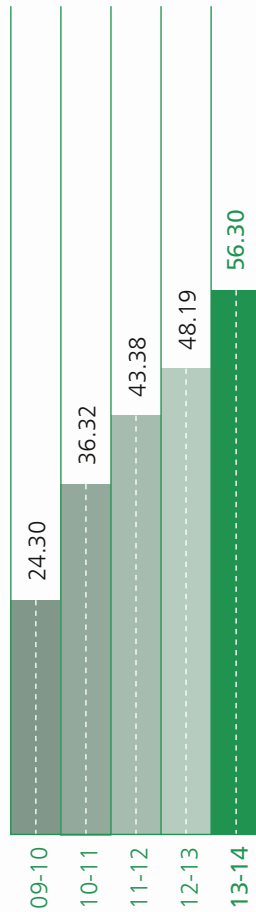
Growth in EBIDTA over 2012-13

HOW WE PERFORMED IN 2013-14...

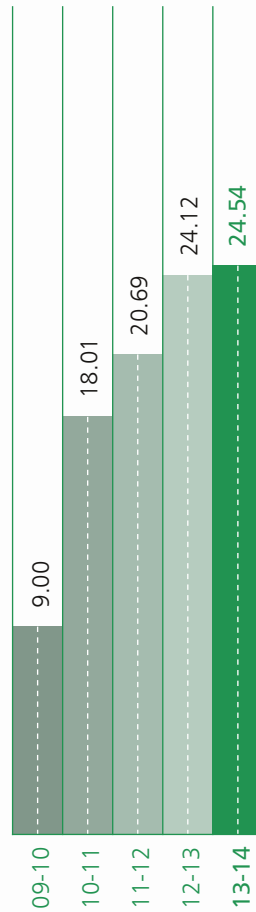
Revenue
(₹ crore)



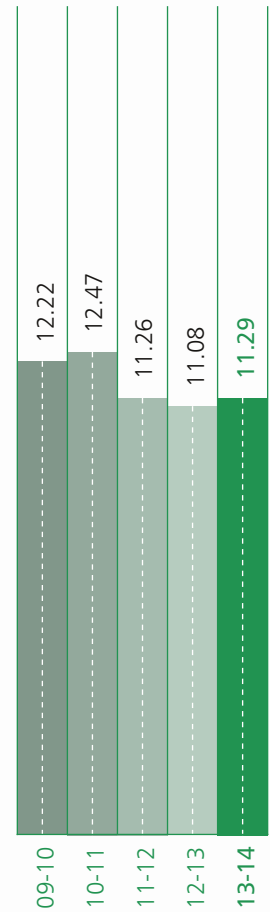
EBIDTA
(₹ crore)



Post-tax profit
(₹ crore)



EBIDTA margin
(%)



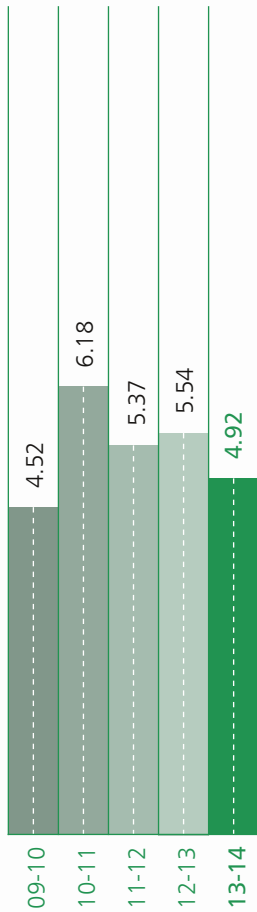
Operational

Enhanced the recycling capacity of our Kanpur plant from 18,000 tonnes in 2012-13 to 27,000 tonnes following a modest investment of ₹33 crore

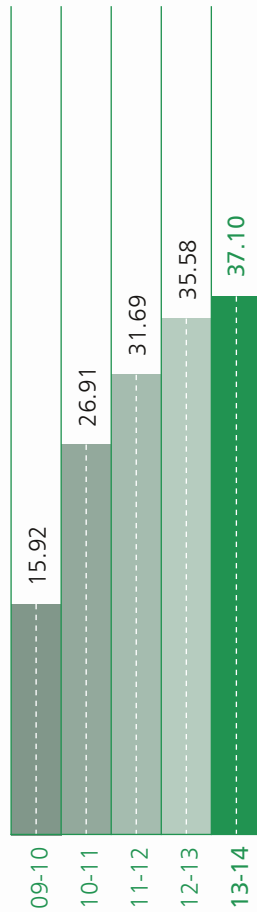
Increased production from 47,252 tonnes in 2012-13 to 53,078 tonnes



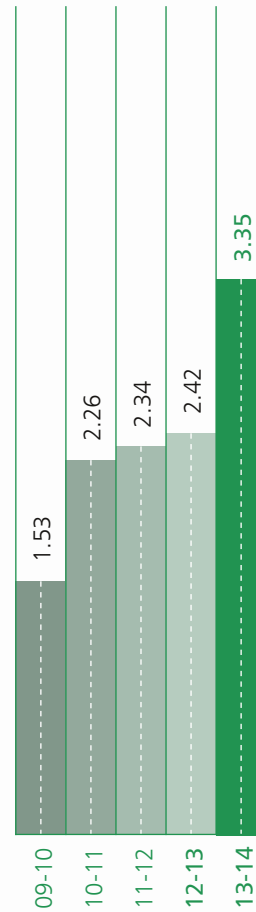
PAT margin (%)



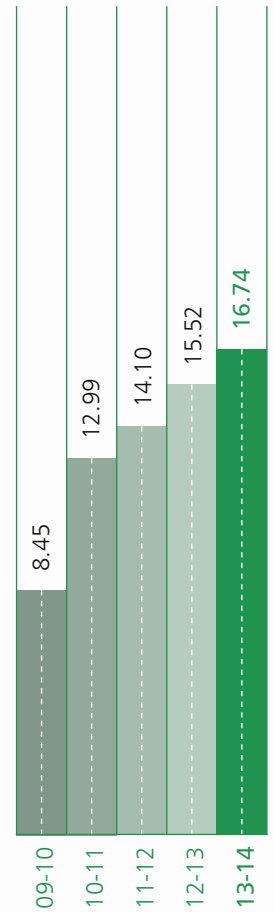
Cash profit (₹ crore)



PET bottles recycled (bn)



Earnings per share (₹)



Financial

Increased revenues 14.65% from ₹435.05 crore in 2012-13 to ₹498.79 crore

Increased EBITDA 16.83% from ₹48.19 crore in 2012-13 to ₹56.30 crore

Increased profit after tax 1.74% from ₹24.11 crore in 2012-13 to ₹24.54 crore

Increased cash profit 4.27% from ₹35.58 crore in 2012-13 to ₹37.10 crore

Proposed a dividend of ₹1.2/- per share



A MESSAGE FROM THE CHAIRMAN

Dear shareowners,

The year 2013-14 continued to be among the slowest years of India's economic growth in a decade, the country recording a sub-5% growth for the second consecutive year.

The country's manufacturing sector was the worst-affected with a negative growth of 0.7%. Consumer inflation and interest rates remained high, staggering consumption demand. Besides, a volatile rupee hit a low of ₹ 68.80 against the US dollar during the course of the year under review, affecting costs.

Despite this adverse economic environment, Ganesha Ecosphere reported a credible 14.65% growth in revenues, 16.83% increase in EBIDTA and 1.74% growth in net profit over 2012-13. While this was not the best of years in terms of growth, what made our performance creditable was that the challenges notwithstanding, we strengthened our competitiveness and performance.

Performance drivers

Over the years, we recognised the growing importance of widening our production base at one end and enhancing value-addition at the other.

We recognised that this strategy would enable us to escape commoditisation in a volume-driven business, helping us reinforce our competitiveness.

In line with this strategy, we increased PET recycling capacity by 9000 TPA at our Kanpur facility and integrated forward into yarn spinning with a capacity of 7,200 MTPA. Following this reality, we extended from waste at one end to downstream products at the other, representing the most extensive value-addition in our niche sector.

The combination of this value-addition, scale, related economies and customer relationships translated into a creditable performance during the year under review and strengthened the Company's long-term competitiveness.

Business model

Increasing urbanisation, enriching demographics (growing proportion of youth) and transforming lifestyles have catalysed PET consumption in

India on the one hand and generated a corresponding increase in recycling on the other.

The outlook for the business appears encouraging, what with three PET plants possessing a combined capacity of 856,000 TPA expected to commence production in 2014, which could enhance PET availability within the country [Source: www.icis.com]. As per available estimates by CPCB, India annually generates 5.6 million metric tonnes of plastic waste of which around 60% is recycled. We are optimistic of the long-term prospects of this business given that the per capita PET consumption in India is 0.3 kg, considerably lower than the global average of 2.3 kgs. This headroom and market size are helping create an attractive industry opportunity.

There is also a growing optimism due to the increasing use of recycled polyester fibre by several global brands derived from growing environment



responsibility. Globally, the total man-made fibre consumption is expected to grow from 52 million tonnes in 2000 to about 100 million tonnes by 2020, the strongest growth expected to be derived from India, China and Indonesia [Source: www.fibre2fashion.com].

There is a growing appetite for downstream textile products in India. For instance, the Indian textile and apparel sector is expected to grow 11% annually from USD 90 billion to a market size of USD 220 billion by 2020 [Source: www.commodityonline.com]. What provides us with considerable downstream optimism is that the FY13 per capita MMF consumption in India of 1.7 kg per annum is just a fraction of the global average of 10 kg per annum, but correcting with greater speed now than ever before on account of a visible demographic churn and increased disposable incomes.

Capitalising on the potential

There are a number of pertinent reasons

why one is optimistic about GESL.

One, we invested in India's largest RPSF capacity of 66,600 tonnes per annum across two plants (another plant of 21,000 TPA is under commissioning), providing us with the benefits of economies-of-scale on one hand and the inherent ability to service a larger customer base from diverse downstream industries on the other.

Two, we created widespread collection centres and stepped up waste procurement from scrap dealers, ensuring that we have adequate resources to feed our consumption appetite.

Three, we invested in downstream spun yarn capacities, making it possible to add substantial value.

Four, our wide product basket caters to diverse industry needs, de-risking us from an over dependence on a single downstream industry.

Five, the raw material used in RPSF manufacturing is cheaper raw

material than material used in virgin polyester fibres, strengthening overall competitiveness.

The result of these realities is that we grew revenues from ₹ 135.37 crore in 2008-09 to ₹ 498.79 crore in 2013-14 and profit after tax from ₹ 4.34 crore to ₹ 24.54 crore during the period. Going ahead, the invested capacities possess the potential to generate more than ₹ 800 crore in revenues at peak capacity with correspondingly higher margins.

At Ganesha Ecosphere, we are optimistic that as the economy revives, we will be able to post stronger growth translating into enhanced shareholder value.

I would like to thank all the stakeholders for their continuous support over the years to help us emerge as one of the best in our sector.

With best regards,

Shyam Sunder Sharmma
Chairman

OUR ROBUST BUSINESS MODEL



Environment-friendly

Recycling PET waste helps the Company ensure the inherent environmental-friendliness of the core business process



Scale

Ensuring economies-of-scale, better customer servicing and a larger market share. Capacity grew by 68% over the last six years



Product basket

Strong product basket with customisable product offering, servicing diverse industries and de-risking the Company from over dependence on a single industry



Value-added

Commercialised various value-added products like dyed PSF, which strengthened realisations and generated a strong premium



Business presence

Growing PET consumption ensures greater waste availability. PET waste is cost-competitive and de-linked from crude volatility



Financial prudence

Despite a 225% increase in gross block, debt increased 320% over the last five years, maintaining GESL's gearing at 1.18 (2013-14) and interest cover at 2.66x (2013-14)



Integrated

Integrated forward into spun yarn, enhancing realisations, reducing costs and climbing the value-chain





Accounts for 40% of the global packaging mix

PET is fast replacing glass and aluminium in packaging options

Recycling each plastic bottle conserves energy to light a 60W bulb up to 6 hours

Glass and aluminium containers yield 230% and 175% more atmospheric emissions vis-a-vis PET



Recycling 1 ton of PET containers saves 6 cubic meters of landfill space

Recycling 1 ton of PET saves 1.5 tonnes of carbon dioxide, land filling and incineration

Consumes 68% and 18% capital less solid waste vis-a-vis glass and aluminium containers

Low Indian per capita consumption of PET 0.3 kg compared to global average of over 2kgs

Tangible impact

- A 25% CAGR growth in revenues during last six years
- Maintained ROE - 15.7% in 2008-09 to 20.36% in 2013-14
- Strengthened cash profit from ₹ 10 crore in 2008-09 to ₹ 37.10 crore in 2013-14
- Increased production capacity from 39,600 tonnes in 2008-09 to 66,600 tonnes in 2013-14







STAYING THE COURSE

ENHANCED CAPACITY

During a challenging slowdown when India's PET processing industry hesitated from making capacity investments, GESL emerged as a willing contrarian.

The Company selected to invest in fresh capacity with the objective to provide customers with the assurance of anytime material availability, enhanced order fulfillment ratio, wider product basket and capacity creation timed with economic recovery.

Specifically, the Company embarked on the following initiatives:

Expanded PET waste recycling capacity from 18,000 TPA to 27,000 TPA at our Kanpur unit for an investment of ₹33 crore.

Integrated forward to yarn spinning with a 7,200 TPA spun yarn capacity (25,920 spindles).

Commenced implementation of the 21,000-TPA state-of-the-art RPSF capacity in Bilaspur (Distt. Rampur) with the capacity to manufacture superior products.

The result: The aggregate investment of nearly ₹200 crore can potentially translate into incremental revenues of ₹300-350 crore, wider product basket and increased margins with the objective of creating ₹800 crore-plus revenue-generating Ganesha Ecosphere by FY2016 with correspondingly higher profits.





RAW MATERIAL

LOCATION

63%



STAYING THE COURSE

UNCONVENTIONAL SOURCING

In a business based on PET waste processing, competitive advantage is derived from the ability to source the largest quantum of raw material of the best quality at the lowest delivered cost.

Over the years, Ganesha Ecosphere strengthened its resource aggregation through various initiatives:

Competent sourcing from pan-Indian collection centres and scrap dealers, accounting for around 98% of the Company's collection.

Focused on accessing post-consumer PET waste in the form of industrial collection (packaged water/ beverage and bottling plants), hotels, restaurants, malls, shopping complexes, exhibition halls, airports, industrial scrap yards, utility service providers, corporate offices and schools, among others, with the objective to increase this proportion from 2% to 25% within three years.

Procuring PET scrap from large bottlers like Hindustan Coca Cola Beverages Private Limited and Bisleri among others.



THESE ARE WHAT MAKE GESL A PROMINENT INDUSTRY PLAYER



Experience

An experience of more than 19 years in PET waste recycling

Customisation

Ability to customise solutions around client requirements

Supply chain

A strong network of pan-India PET waste collection centres

Governance

Information transparency, audit culture and stringent statutory compliances

Scale

Largest production capacity in the sector, facilitating economies-of-scale and reinforcing the ability to service customer requirements across any quantity and schedule

Certifications

ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 for the manufacture and supply of RPSF; bestowed with the prominent Global Recycling Standards (GRS) certification

Technology

Portfolio of superior diversified products (with fibrefill, spinning, automobiles, geo-textiles, medical and packaging, textiles and non-woven applications)



ENHANCING SHAREHOLDER VALUE

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

Sustainable business growth

Despite a volatile economic scenario, GESL has successfully maintained its growth momentum over the past few years. The Company's contrarian performance has been a result of prudent investments in the realm of technology and farsighted capacity

additions. This strategic approach has helped GESL enhance market share, develop novel products, find newer applications and optimise operational costs. The result: GESL is now the largest player in its segment in India with 30,000 tonnes of capacity addition in the last few years.

Revenue and profit matrix

(₹ in crores)

	2011-12	2012-13	2013-14
Revenue	385.23	435.05	498.79
EBIDTA	43.38	48.19	56.30
Net profit	20.69	24.12	24.54

The Company, on the one hand, enhanced its scale to reduce operational costs and customised value-added products on the other, eking out higher realisations and moving up the value-chain.

Market capitalisation: The strength of the business model enabled the Company to fortify its market capitalisation.

	2011-12	2012-13	2013-14
Market capitalisation (₹ in crore)	84.43	61.35	81.00*

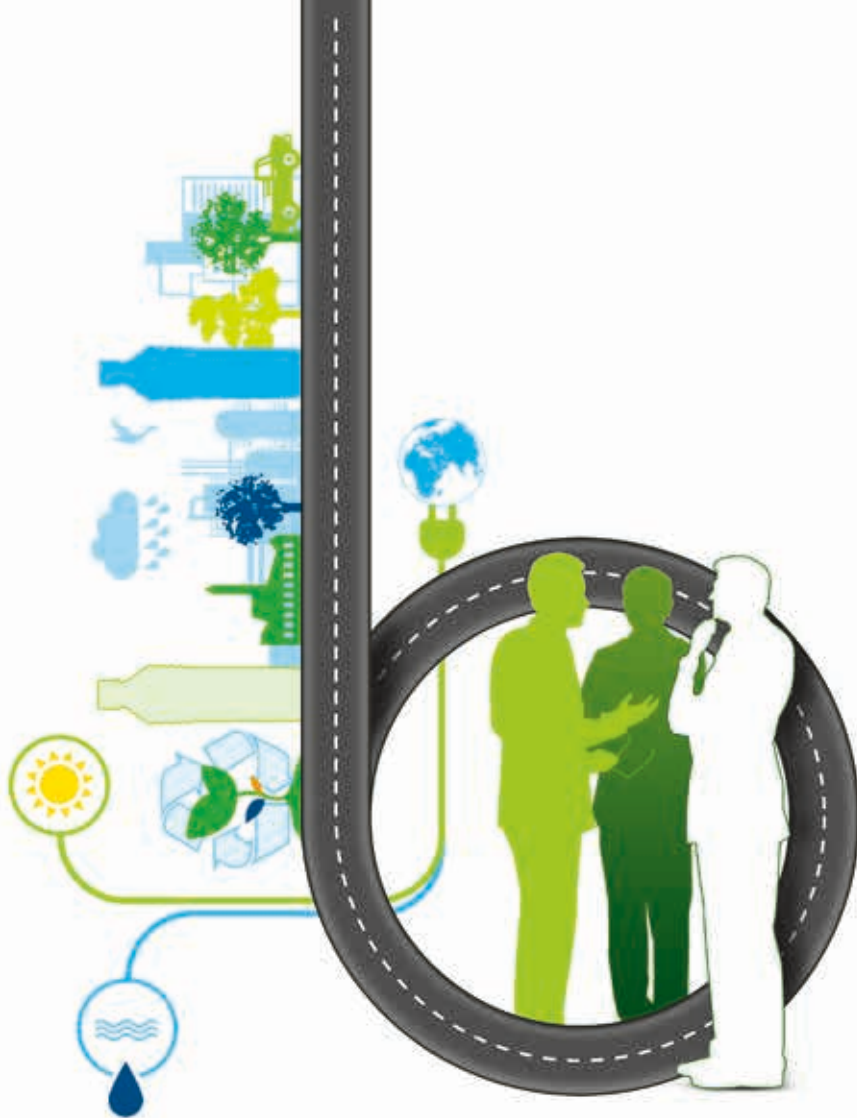
*on full dilution basis

Book value: This is 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.

	2011-12	2012-13	2013-14
Book value per share (₹)	56.13	66.46	81.14

Dividend: The Company continued to reward its shareholders for the last five years with a significant chunk of the Company's profits.

	2011-12	2012-13	2013-14
Dividend payout (₹ per share)	1.2	1.2	1.2



MANAGEMENT DISCUSSION AND ANALYSIS

Economy

Global: The global economy continued to report slow growth for yet another year in 2013. According to the World Economic Outlook (January 2014), the global output grew by 3% against 3.1% in 2012. While the first half of the year remained subdued, the second half experienced steady economic strengthening. A number of emerging economies, which had already experienced slowdown over the past two years, encountered new obstacles in 2013 on both domestic and international fronts. Advanced economies recorded a 1.3% growth against 1.4% in 2012. Emerging economies recorded a growth of 4.7% against 4.9% in 2012.

Indian: The Indian economic growth continued to be slow for the second straight year, recording a GDP growth of 4.7% in 2013-14, compared with 4.5% in 2012-13. Fiscal deficit was recorded at 4.6%, better than the targeted 4.8%. The year FY14 was one of the worst years for manufacturing since 1999-2000, contracting by 0.2% compared with a 1.1% growth in 2012-13. High interest rates capped consumer spending while slow decision-making and land acquisition issues stalled projects and capital expenditure.





48.1

Estimated size of the global PET packaging (USD billion) market in 2014.



Global PET industry

PET bottles are preferred for their convenient handling, durability and reseal ability. They represent increasingly popular packaging for carbonated soft drinks, bottled water, ready-to-drink tea and functional beverages. PET packaging is making inroads into markets for juice, packaged food, household cleaning products and pharmaceuticals, replacing conventional packaging.

The global PET packaging market is estimated at USD 48.1 billion in 2014, amounting to almost 16 million tonnes [Source: *Smithers Pira*]. An average annual demand of 4.6% over the next five years is projected, resulting in a probable market growth to 19.9 million tonnes, worth an approximate USD 60 billion by 2019.

Indian PET industry

Asia is the world's largest and fastest-growing plastics market and expected to touch 10 million tonnes by 2020, catalysed by increasing disposable incomes. A median Indian age of 24 is expected to catalyse the demand for energy drinks, soft drinks and health drinks, among others, resulting in annual PET bottle demand growth of 11% [Source: *www.kenresearch.com*].

Fibre industry

Global: The world fibre market with a volume of about 85.4 million tonnes in 2013 is dominated 62% by oil-based synthetic fibres. Cellulosic fibres, which consist of cotton with around 30.2% volume and man-made cellulose fibres, are quality niche products (approximately 6.8%). The smallest share of the global fibre market belongs to cotton with an approximate 1.3% share [Source: *Lenzing*]. Global trends (population growth, increasing prosperity and climate change) and a limited cotton supply could lead to a growing demand for cellulosic fibres. Man-made cellulose fibres should benefit from the cellulose gap. While the global fibre market is expected to expand by about 2.9% annually until 2020, growth in the man-made cellulose fibre market is predicted to increase at 9.1% per annum. [Source: *Lenzing*]

Indian fibre market, 2013

The Indian textiles industry is set for strong growth, buoyed by both robust domestic consumption and export demand. Abundant availability of raw materials and skilled workforce has made India a major global textiles sourcing hub. The most significant trend in the Indian textiles industry has been the advent of man-made fibres (MMF) and pan-global exports. MMF production increased by about 4% during April-December 2013. [Source: *www.ibef.org/industry/textiles.aspx*]

Industry drivers

Raw material availability: Plastic waste amounting to around 56 lac tonnes is generated in Indian metro cities, out of which 6,137 tonnes remains uncollected. On the other hand, PET bottle collection rate in Asia is pegged at 78.2%, thereby giving GESL the opportunity to increase





56

Plastic waste (lacs tonnes) generated in Indian metro cities.



its raw material sourcing [Source: www.ecoearthcare.com/storyd.asp?sid=676&pageno=2].

Demand for the recycled polyester/ yarn: Polyester fibre in the MMF segment accounted for an estimated 41.3 million tonnes (75%). Polyester fibre demand grew at a rate of 6%, driven by PSF (polyester staple fibre) and FDY (fully drawn yarn) in 2012-13. With an estimated growth of 17.9 million tonnes by 2018, the industry has a huge opportunity to grow.

Increased per capita income: India's per capita income is projected to grow by 10.4% to ₹74,920 in 2013-14 from ₹68,747 in 2012-13 [Source: www.articles.economictimes.indiatimes.com].

Increased per capita fibre consumption: India's per capita MMF consumption for FY13 was 1.3 kgs as against the global average of 10.6 kgs, implying significant scope for growth. Annually, 14 million people will be added to India's employment list, catalysing apparel industry demand [Source: <http://articles.economictimes.indiatimes.com>].

Growth in organised retail: India's retail market is expected to grow from USD 470 billion in 2011 to USD 675 billion by 2016, registering a CAGR of 7.5%. Apparel market growth could be driven by urbanisation, modernisation, foreign brands and malls [Source: *The Rise of India's Consumer Market*].

Government initiatives: The Central Government sustained a number of

industry initiatives like TUFs, set up of integrated textile parks, initiated 100% FDI under the automatic route, enforced duty drawback schemes and excise duty abatement on ready-made garments to increase the global demand for Indian textile products [Source: www.indiantextilemagazine.in].

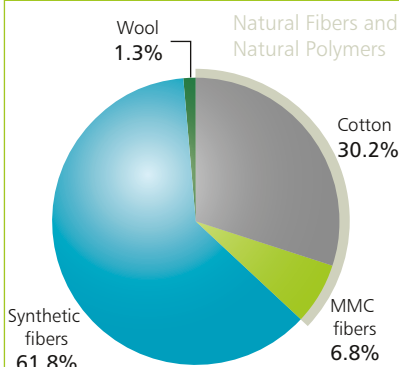
Internal control

The Company has built a robust internal control system over financial reporting of all transactions along with demonstrated efficiencies in operations and compliance of relevant laws and statutory regulations. The Company undertakes internal audit at regular interval to ensure that the procedures are conformed with and all internal control systems are in place. The internal audit report is discussed by senior management and the audit committee. The Audit Committee reviews the adequacy and efficacy of the internal control systems and procedures regularly.

Human resource

GESL encourages a continuous learning environment, promoting meritocracy. At the end of FY14, the Company's employee strength is more than 1,200. The Company was engaged in imparting functional and attitudinal training to employees to ensure maximum productivity. Welfare and development at all levels of our employees continues to be areas of major focus for the Company.

Global fibre market, 2013



1) Lenzing estimates
2) ICAC, CIFRS, FIBER Economics Bureau, National Statistics, The Fiber year, Lenzing estimates
Source: CIFRS, The Fiber Year, The Fiber Organon, Lenzing estimates



01 BUSINESS REVIEW RAW MATERIAL MANAGEMENT

The key raw material required for recycled PSF is post-consumer PET bottle waste. GESL enjoys a competitive raw material sourcing capability through a robust pan-Indian network of collection centres mainly in Northern and Eastern parts of India. These collection centres are run on a franchisee model and feed about 40% of the Company's raw material requirements, while the rest is fed through a network of scrap dealers. The Company is in the process of increasing collection centres to address growing raw material requirements.

Key developments, 2013-14

Sourced 60,239 tonnes of PET waste in 2013-14, against 43,561 tonnes in 2012-13.

Initiated direct sourcing of raw material from leading organisations such as Hindustan Coca-Cola Beverages Pvt. Ltd, Bisleri International, Indira Gandhi International Airport (Delhi), etc which gives it direct access to high quality PET waste at competitive prices.

Made arrangement with major hotels in New Delhi for procuring waste bottles.

Prospective plans

The Company is targeting bulk consumers and institutions like hotels, malls, restaurants, exhibition centres, railway stations, airports and large housing societies among others, and collecting the bottles in situ will reduce collection costs and ensure availability of a relatively better quality of waste.



02 BUSINESS REVIEW MANUFACTURING

GESL is engaged in the production of recycled polyester staple fibre from PET waste and also produces dyed yarn. The Company has two manufacturing units (Rudrapur – RPSF manufacturing capacity of 39,600 tonnes; Kanpur – RPSF capacity of 27,000 tonnes and yarn capacity of 2,400 tonnes). The yarn manufacturing in Bilaspur (capacity of 7,200 tonnes) has commenced operations from November, 2013.

The Company has more than 100 varieties of RPSF and can customise products as per customer needs. The in-house R&D team looks into quality control and develop customised products. The R&D team contributed to the manufacture of dope-dyed

polyester fibres across a wide range of colours. This product sells at a premium over regular variants. The Company's manufacturing units are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007-certified. It also has received authorisation to use the Oeko-Tex mark from the Hohenstein Institute, Germany. This signifies that the products produced by GESL conform to the highest ecological standards.

Key developments, 2013-14

Operationalised 9,000 TPA RPSF capacity in Kanpur and 7,200 TPA spun yarn capacity at Bilaspur.

Produced 45,606 tonnes of RPSF against 42,263 tonnes in 2012-13.

Plans

Going ahead, the Company intends to stabilise operations at the new plant and enhance production at the existing plants.

Division	Capacity
Recycled Polyester Staple Fibre (RPSF)	39,600 TPA at Rudrapur 27,000 TPA at Kanpur
Dyed texturised/twisted filament yarn	2,400 TPA at Kanpur



FINANCE REVIEW

Basis of preparation

The financial statements are prepared on an accrual basis under the historical cost convention that comply in all material aspects with the generally accepted accounting principles in India, the Accounting Standards prescribed under Section 211 (3C) of Companies Act, 1956 and the applicable provisions thereof.

The preparation of financial statements is in conformity with generally accepted accounting principles ('GAAP'), which requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision in accounting estimates is recognised prospectively in current and future periods.

Financial snapshots, 2013-14

Revenue from operations increased by 14.75% from ₹43,528.93 lacs in 2012-13 to ₹49,947.69 lacs.

EBIDTA increased by 16.83% from ₹4,818.77 lacs in 2012-13 to ₹5,630.00 lacs.

PBT declined by 0.58% from ₹2,646.86

lacs in 2012-13 to ₹2,631.62 lacs.

Post-tax profit of the Company improved by 1.76% from ₹2,411.98 lacs in 2012-13 to ₹2,454.35 lacs.

Cash profit enhanced by 4.28% from ₹3,558.38 lacs in 2012-13 to ₹3,710.53 lacs.

Revenue analysis

The Company's total revenue increased by 14.82% from ₹43,636.42 lacs in 2012-13 to ₹50,102.96 lacs in 2013-14, due to superior realisations, introduction of new products as well as an increase in volume owing to added capacity. The average realisation of the Company recorded a 12% increase from ₹89.24 per Kg in 2012-13 to ₹100 per Kg in 2013-14.

Other incomes increased by 44% from ₹107.50 lacs in 2012-13 to ₹155.27 lacs in 2013-14 owing to an increase in interest incomes compared to the previous year. Other income as a proportion of the total incomes stood at 0.31%, reflecting the Company's emphasis on its core businesses.

Expenditure

With the business scaling, raw material expenditure increased by 16.27% to ₹33,008.46 lacs in 2013-14 as against

₹28,389.97 lacs in 2012-13 but the proportion of raw material cost as a percentage of total expenses increased marginally to 69.76% in 2013-14 against 69.26% in 2012-13.

Employee costs increased from ₹1,992.89 lacs in 2012-13 to ₹2,478.55 lacs in 2013-14, mainly owing to an increase in employee remuneration. Employee remuneration as a percentage of the total cost was pegged at 5.24% in 2013-14 as against 4.86% in 2012-13.

The Company's other expenses (excluding power and fuel cost) for 2013-14 stood at ₹4,055.84 lacs, rising 2.28% over ₹3,965.46 lacs in 2012-13.

The Company recorded an increase of 22.23% in power and fuel expenses owing to the increase in operations as well as increase in power tariffs. The average power cost per unit stood at ₹6.44 in 2013-14 against ₹5.79 in 2012-13.

Capital employed

The total capital employed increased by 25.35% in 2013-14 over 2012-13, largely owing to an increase in the long-term loan funds over the previous year. The increase in net worth by 23.70% was mainly due to addition of





1.18

Long-term debt-equity ratio of the Company as on 31st March, 2014 against 1.22 as on 31st March, 2013

profits. The return on capital employed decreased from 19.29% in 2012-13 to 11.88% in 2013-14 owing to ongoing capital expenditure and only partial impact of the capacity addition during the year under review.

Net worth

The Company's net worth stood at ₹12,484.19 lacs as on 31st March 2014, which increased by 23.70% compared to the previous year's ₹10,092.42 lacs as on 31st March 2013. The increase was due to a rise in reserves and surplus.

Share capital: Share capital decreased by 3% to reach ₹1,518.60 lacs as on 31st March 2014 from ₹1,568.60 lacs as on 31st March 2013, due to the redemption of 50,000 preference shares.

Reserves and surplus: Reserves and surplus increased from ₹8,573.82 lacs as on 31st March 2013 to ₹10,803.19 lacs as on 31st March 2014. The

increase was mainly due to profit earned during the year. The Company also paid premium of ₹100 lacs on redemption of preference shares out of Securities Premium account.

Loan funds

Long-term borrowings of the Company increased by 19.63% from ₹12,307.51 lacs as on 31st March 2013 to ₹14,723.57 lacs as on 31st March 2014, following expansion. The long-term debt-equity ratio was pegged at 1.18 in 2013-14 against 1.22 in 2012-13.

Finance cost increased by 55% in 2013-14 from ₹1,025.50 lacs in 2012-13 to ₹1,586.04 lacs in 2013-14. The increase was largely owing to contracting of fresh fund for the capacity expansion. Interest cover stood at 2.66x in 2013-14 (3.58x in 2012-13).

Application of funds

Gross block

Fixed assets (tangible assets, intangible

assets and capital work-in progress) increased by 35.16% from ₹24,627.07 lacs as on 31st March 2013 to ₹33,286.57 lacs as on 31st March 2014, largely due to the addition of new capacities.

Correspondingly, depreciation and amortisation increased by 9.6% from ₹1,146.4 lacs in 2012-13 to ₹1,256.18 lacs in 2013-14. Capital work-in progress decreased by nearly 30% in 2013-14, standing at ₹5,961.76 lacs as on 31st March 2013 compared to ₹8,480.00 lacs as on 31st March 2013, the result of a greenfield expansion project which was streamlined during the year under review. Return on gross block stood at 12.67%, reflecting an effective sweating of assets.

Long-term loans and advances

Long-term loans and advances decreased by 80% in 2013-14, standing at ₹265.21 lacs as on 31st March 2014 compared to ₹1,345.81 lacs as on 31st

Debt profile

	2012-13	2013-14	Growth (%)
Long-term borrowings (₹ lacs)	12,307.50	14,723.57	19.63
Short-term borrowings (₹ lacs)	5,383.93	7,649.38	42.08



41

Average inventory cycle (days) for 2013-14 compared to 43 days in 2012-13

March 2013 largely due to capitalisation of long-term advances.

Working capital management

Current assets as on 31st March 2014 stood at ₹12,896.46 lacs against ₹10,949.20 lacs as on 31st March 2013, an increase of 18%. Current ratio stood at 1.01 as on 31st March 2014 against 1.25 as on 31st March 2013.

Inventories (finished and semi-finished goods along with raw materials) for 2013-14 increased by 55% from ₹3,907.06 lacs as on 31st March 2013 to ₹6,074.65 lacs as on 31st March 2014. The average inventory cycle for

2013-14 stood at 41 days of turnover compared to 43 days in 2012-13.

Total debtors as on 31st March 2014 stood at ₹3,920.42 lacs against ₹3,440.48 lacs as on 31st March 2013, an increase of 14%. The debtors' cycle remained at 27 days of turnover equivalent in 2013-14 compared to 2012-13.

Short-term loans and advances increased by 36% to ₹514.46 lacs as on 31st March 2014 compared to ₹379.53 lacs as on 31st March 2013, largely due to insurance claim receivable of ₹104.66 lacs.

Current liabilities increased by 44% to ₹14,954.22 lacs as on 31st March 2014 from ₹10,400.46 lacs as on 31st March 2013, mainly due to an increase in short-term borrowings and trade payables, which increased by 42% and 85%, respectively.

Cash and bank balance

The cash and bank balance decreased by almost 24% to reach ₹1,933.74 lacs as on 31st March 2014 compared to ₹2,560.22 lacs as on 31st March 2013, owing to application of additional funds towards capex.

Working capital ratios

	2013-14	2012-13
Current ratio	1.01	1.25
Inventory cycle (days)	41	43
Debtor cycle (days)	27	27

CORPORATE SOCIAL RESPONSIBILITY



The 21st century has been characterised by unprecedented challenges and opportunities, arising from globalisation. Amidst these sweeping changes the desire for inclusive development and the imperatives of climate change has been an integral part of the GESL way of doing business.

The Company ensures the safe disposal of PET waste, which otherwise would have occupied large swathes of land and taken decades to decompose. The Company disposes PET waste without any corresponding negative impact on the environment through prudent waste management.

Cleaning up our act: GESL believes that the way to a cleaner planet lies in cleaning up our act. In line with this approach, the Company manufactures recycled PET fibre as opposed to virgin polyester fibre. This entails 33-55% lower energy being consumed resulting in a corresponding reduction in carbon dioxide emission. Moreover, the Company is engaged in recycling more than nine million bottles a day, thereby protecting the environment.

Waste is wealth: At GESL, we believe waste can indeed give way to wealth. The Company generates employment for thousands of rag-pickers across the country. The Company collects waste through various waste collection centres and multiple vendors, which are thereafter recycled and put to productive use. In this manner, the Company prevents the accumulation of waste which would otherwise have taken a toll on the environment while simultaneously generating employment for a substantial number of people.



COMPETITION RISK

RISING COMPETITION COULD AFFECT REALISATIONS AND, IN TURN, MARKET SHARE.

De-risking

The Company is the largest PET recycling entity in the country with a

domestic market share of more than 20%.

The Company manufactures fibre from PET waste, which is 25% cheaper over raw material of virgin fibre, providing the Company with cost competitiveness.



RAW MATERIAL RISK

AN INABILITY TO PROCURE RAW MATERIALS COST-EFFECTIVELY COULD IMPACT OPERATIONS AND PROFITABILITY.

De-risking

The Company possesses a robust network of more than 20 collection centres across the country.

The Company has a wide network of waste vendors to source PET waste.

The Company is not dependant on virgin raw material, the price of which is dependent on volatile crude prices.

Global demand for PET resin was estimated at 15.3 million tonnes in 2013-14 and is likely to reach 20.6 million tonnes by 2015. In 2013-14, the Indian packaging industry was valued at USD 13 billion, ranking eleventh largest in the world.



FUNDING CAPITAL RISK

UNAVAILABILITY OF FUNDS AT COMPETITIVE COSTS COULD IMPACT PROFITABILITY.

De-risking

The Company's debt-equity ratio stood at a comfortable 1.18 as on 31st March 2014.

The Company's interest coverage ratio stood at 2.66x in 2013-14, demonstrating comfortable capability in debt servicing.

The Company is having good repayment track record and long-term relations with its bankers.

2.66



The Company's interest coverage (times) in 2013-14

BOARD OF DIRECTORS

01 MR. SHYAM SUNDER SHARMA CHAIRMAN-CUM-MANAGING DIRECTOR

Mr. Shyam Sunder Sharma, aged 71 years, is a post graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 50 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 into the overall management, strategic planning and development of the Company.

02 MR. VISHNU DUTT Khandelwal EXECUTIVE VICE-CHAIRMAN

Mr. Vishnu Dutt Khandelwal, aged 65 years, is a post graduate in commerce and his area of expertise include accounting and financial management. He also possesses a rich experience of over 41 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.

03 MR. SHARAD SHARMA JOINT MANAGING DIRECTOR

Mr. Sharad Sharma, aged 48 years, is a commerce graduate with more than 27 years experience in marketing and distribution.

He has been associated with the Company since its 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.

04 MR. RAJESH SHARMA EXECUTIVE DIRECTOR

Mr. Rajesh Sharma, aged 45 years, is a commerce graduate and has rich experience spanning over 24 years in plant administration and operations.

He has been associated with the Company since its 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 and Bilaspur units. His achievements include the successful commissioning of the Rudrapur unit and the subsequent expansion there.

05 MR. VISHWA NATH CHANDAK NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Vishwa Nath Chandak, aged 77 years, is M.Com., LL.B. and has an experience of over 38 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 a 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.

06 MR. PRADEEP KUMAR GOENKA NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Pradeep Kumar Goenka, aged 60 years, is a member of the Institute of Chartered Accountants of India. He brings a rich professional experience of over 38 years in the field of finance and related consultancy services.

He is a practicing Chartered Accountant. Presently, he is a director 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.

07 MR. SURENDRA KUMAR KABRA NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Surendra Kumar Kabra, 70 years, is B.Com., LL.B. and is also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 46 years in the textile industry.

He has 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 past 18 years.

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

08 MR. ANOOP GUPTA NON-EXECUTIVE INDEPENDENT DIRECTOR

Mr. Anoop Gupta, aged 56 years, is Chartered Accountant and Cost Accountant, with additional qualifications in law and company secretarial. 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.

09 MRS. POONAM GARG NOMINEE DIRECTOR

Mrs. Poonam Garg, the Deputy General Manager of IFCI Venture Capital Funds Ltd., aged 46 years, is an MBA, associate member of Institute of Cost & Works Accountants of India (AICWA) and diploma in pharmacy (Delhi University). She has 20 years of rich experience in private equity /venture capital industry. Mrs. Garg is presently the Fund Officer of Green India Venture Fund and India Enterprises Development Fund.

She was appointed to the Board as Nominee Director of the Company in May, 2014.

10 MR. GOPAL SINGH SHEKHAVAT DIRECTOR (ADMINISTRATION)

Mr. Gopal Singh Shekhavat, aged 61 years, is a bachelor in arts. He has rich experience spanning over 41 years in textile industry.

Presently, he looks after the spinning project of the Company which is under commissioning. 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 Fifth Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2014 as compared to the preceding year are as under:

	(₹ in crores)	
	Current Year (2013-14)	Previous Year (2012-13)
Total Revenue	501.03	436.36
Profit before Finance Costs, Depreciation and Amortisation Expense	56.30	48.19
Less: Finance Costs	15.86	10.26
Less: Depreciation & Amortisation Expense	12.56	11.46
Profit before Extra Ordinary Items & Tax	27.88	26.47
Extra Ordinary Item (Loss by Fire)	1.56	-
Profit before Tax	26.32	26.47
Tax Expense	1.78	2.35
Profit after Tax	24.54	24.12
Surplus brought forward from Previous Year	62.81	40.98
Balance available for appropriation	87.35	65.10
Less: Appropriations:		
Taxation/MAT Credit adjustments for earlier years (Net)	(0.91)	0.33
Reserves		
- Capital Redemption	0.50	4.00
- Debenture Redemption	(1.13)	(4.99)
- General	0.61	0.60
Interim Dividend of Preference Shares (Including Dividend Distribution Tax)	0.03	0.16
Proposed Dividend		
- Preference Shares	0.00	0.05
- Equity Shares	1.82	1.82
Dividend Distribution Tax on Proposed Dividend	0.31	0.32
Surplus carried to Balance Sheet	86.12	62.81

FINANCIAL AND OPERATIONAL PERFORMANCE

Financial Year 2013-14, was a challenging year in which Indian economy witnessed lower economic growth. Rising inflation, depreciating currency and rising cost of inputs were the buzz word during the year under review. Despite this unfavourable, volatile and uncertain business environment, your Company has recorded revenues from operations of ₹499.48 crores in financial year 2013-14, as compared with previous year's revenues of ₹435.29 crores, thus registering rise of 14.75%. Earnings before Depreciation, Interest and Taxation (EBITDA) stood at ₹56.30 crores in the current year, as compared with 48.19 crores in the previous year, recorded an increase of 16.83%. During the Financial Year 2013-14, the Company has achieved Net Profits of ₹24.54 crores as against the Net Profits of ₹24.12 crores in previous year recording an increase of 1.75%.

The improvement in Turnover of the Company has been mainly on account of increase in sales volume due to addition in production capacity which was not correspondingly reflected in PAT due to increase in cost of Inputs, Finance and Depreciation charges as well as extra ordinary loss of ₹1.56 crores due to fire at Kanpur unit against which Insurance claim is yet to be settled.

Your Directors are pleased to report that the 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 of RPSF at Kanpur unit by 9,000 TPA, had commenced commercial production w.e.f. 01.11.2013 and full effect thereof will be reflected in the working of current financial year.

During the current year, the expansion project of Recycled Polyester Staple Fibre (RPSF) of 21,000 TPA at Bilaspur has also commenced trial production. The Directors hope that the additional capacity shall considerably reduce the lead time for delivering new products and also will improve the Top and Bottom line.

During the year under review, the Company made allotment of 1,015,000 Convertible Equity Warrants to the 'Promoter's Group & Others' on preferential basis and the upfront amount of ₹1.624 crores received on allotment of the Warrants has been utilised for general corporate purposes.

Further, the Company redeemed 50,000, 10% Cumulative Redeemable Preference Shares (Series I) of ₹100/- each at a premium of ₹200/- per share, on the due date of redemption i.e. 30th September, 2013.

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 ₹21,320,233/- (inclusive of dividend distribution tax of ₹3,097,033/-) for the financial year 2013-14.

In view of redemption of 50,000, 10% Cumulative Redeemable Preference Shares (Series I) on 30th September, 2013, the dividend accumulated thereon till the date of redemption, had been declared and paid as interim dividend.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS

During the year, Mrs. Indu Gupta ceased to be Director of the Company due to withdrawal of nomination by IFCI Venture Capital Funds Ltd. w.e.f. 24.04.2014. The Board places on record its appreciation for the valuable services rendered by her during her tenure as Director of the Company. Subsequently, Mrs. Poonam Garg, was inducted on the Board of Directors of the Company as a Nominee Director of IFCI Venture Capital Funds Ltd. w.e.f. 30.05.2014.

The Board of Directors has re-appointed Shri Sharad Sharma as Joint Managing Director of the Company, for a further period of five years with effect from 1st February, 2014 upon expiry of his 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, 2013 and Articles of Association of the Company, Shri Vishnu Dutt Khandelwal, Director of the Company retires from the Board by rotation and being eligible, he has offered himself for re-appointment.

It is proposed to appoint existing Independent Directors of the Company viz. Shri Anoop Gupta, Shri Surendra Kumar Kabra, Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka as the 'Independent Directors' within the meaning of Section 149 of the Companies Act, 2013 for a term of 5 (five) consecutive years and the matter is placed for your approval at the ensuing Annual General Meeting.

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, 2014, 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. Pursuant to the provisions of Section 139 of the Companies Act, 2013, it is proposed to re-appoint them for a further period of three years until the conclusion of the 28th Annual General Meeting of the Company. M/s. Mehrotra Rakesh Kumar & Co., being eligible, have confirmed their willingness to accept office, if re-appointed, at the ensuing Annual General Meeting.

As regards Auditors' remark in Para 17 to the annexure to their report stating uses of short term funds for long term investments, based on maturity profile of assets and liabilities, it is clarified that as per the requirement of Schedule VI to the Companies Act, 1956, 'Long Term Borrowings' maturing for payment in next 12 months have been classified under 'other current liabilities'. Due to this classification, the overall Balance Sheet at the end of the year gives the reflection of uses of short term funds for long term investments.

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

2013-14 and the Cost Audit Report will be filed with the Central Government by the due date i.e. 27th September, 2014.

Details of Cost Audit Report for the financial year ended 31st March, 2013:-

(a) Due date of filing: 27th September, 2013

(b) Actual date of filing: 9th October, 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

As none of the employees of the Company was in receipt of remuneration in excess of limits prescribed, particulars of employees under Section 217(2A) of the Companies Act, 1956,

read with Companies (Particulars of Employees) Rules, 1975 as amended, are not required to be given.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record appreciation for the co-operation and support extended by various departments of 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 : 9th July, 2014

(Shyam Sunder Sharmma)
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, 2014.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Energy conservation continues to be of high priority for your Company. In order to conserve natural resources on an ongoing basis, the Company has taken various measures to optimise energy generation and consumption and effective control on utilisation of energy. The important energy conservation measures taken during the financial year are given below:

- i) Installation of energy saving lamps wherever possible in plant and offices.
- ii) Use of natural lighting and ventilation.
- iii) Staggered working of electrical lights, fans, air conditioners.
- iv) Replacement of 40W TL fittings with LED lights for longer life and reduced energy consumption.
- 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) Regular monitoring of instruments installed in major energy consuming machines.
- viii) Power to all major equipments and lighting in work area is put off at non-working times.
- ix) Strict vigilance is being maintained over usage of energy by constant monitoring.

- x) Creating awareness in the employees for energy saving.
- xi) Equipment efficiencies evaluated and optimised.
- xii) Optimal use of cooling tower fan as per climate conditions.
- xiii) Optimisation of fuel viscosity and other related parameters of D.G. set.
- xiv) Installation of air pre-heaters at thermopac boilers.
- xv) Installation of capacitor banks for optimum power factor.
- xvi) 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

	Current Year (2013-14)	Previous Year (2012-13)
A. Power and Fuel Consumption: (Including Trial Run)		
1. Electricity		
(a) Purchased		
Unit (KWH in lacs)	546.08	368.72
Total amount (₹ in lacs)	3293.65	1980.32
Rate/KWH (in ₹)	6.03	5.37
(b) Own Generation (Through Diesel Generators)		
Unit (KWH in lacs)	24.44	25.86
Unit per Litre of Diesel Oil	3.56	3.46
Cost/unit (in ₹)	15.49	11.75
2. Coal		
Quantity (in tonnes)	5015.94	3523.03
Total Cost (₹ in lacs)	456.90	298.90
Average rate (Cost per tonne) (in ₹)	9108.96	8484.17
3. Others (Rice Husk)		
Quantity (in tonnes)	14587.70	15648.58
Total Cost (₹ in lacs)	554.93	582.15
Average rate (Cost per tonne) (in ₹)	3804.10	3720.15
B. Consumption per unit of production:		
Production of Polyester products (Kgs. in lacs)	530.78	472.52
Electricity (in KWH)	1.07	0.84
Coal (in Kgs.)	0.09	0.07
Rice Husk (in Kgs.)	0.27	0.33

II. TECHNOLOGY ABSORPTION

FORM B

Research and Development (R&D)

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

There is no separate cell for R&D activities; the Company has its own in-house Research and Development facility which undertakes product development activities for new products and continuous improvement in process, quality and cost of existing products. The Company focused on better control in processes for improving the quality and reliability of products. Besides this the Company has in-house efficient quality control department to monitor and ensure consistency in quality and adherence to quality standards norms.

In-house training is imparted to the technical staff on an ongoing process to improve the working of the plant.

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

- Improvement in quality and output of the product.
- Safer operations and improved competitiveness.
- Improvement in product marketability and business viability through consistent quality, lower cost and variety of product range.
- Meeting customer needs and in turn increased customer satisfaction.
- Improvements in effluent treatment, pollution control and all-round safety standards.
- Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
- Development of new products.
- Reduced wastage of resources.
- Cost reduction.

3. Future plan of action:

The Company will continue strengthening the R&D facilities in order to improve the quality of its existing products and provide wider range of products to suit the customer needs. 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:

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

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

Better production process, better yields, better quality of the

end product, product development, 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 ₹4,132.23 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.

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 crores)

	Current Year (2013-14)	Previous Year (2012-13)
A) Foreign Exchange earnings (F.O.B. Value)	41.32	56.63
B) Foreign Exchange outgo	94.76	37.46

Note: For details, please refer note no. 32, 33 and 34 to the financial statements.

For and on behalf of the Board

Place : Kanpur

Date : 9th July, 2014

(Shyam Sunder Sharma)

Chairman and Managing Director

CORPORATE GOVERNANCE REPORT 2013-14

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, 2014 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 11.09.2013	No. of Boards/Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
		Held	Attended		Directorship	Committee (only Audit committee & Shareholders' Grievance committee)	
						Member	Chairman
Mr. Shyam Sunder Sharmma	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	6	Yes	1	1	Nil
Mr. Rajesh Sharma	Promoter Executive Director	6	3	No	1	Nil	Nil
Mr. Gopal Singh Shekhavat*	Executive Director	6	2	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. Anoop Gupta	Non-Executive/ Independent Director	6	2	Yes	5	1	Nil
Mrs. Indu Gupta\$	Non-Executive/ Independent Director	6	1	No	1	Nil	Nil

*Mr. Gopal Singh Shekhavat inducted as an additional director on the Board w.e.f. 25.05.2013 and as a Director on 11.09.2013.

\$Mrs. Indu Gupta inducted as an additional director on the Board w.e.f. 25.05.2013 and as a Director on 11.09.2013, to represent IFCI Venture Capital Funds Ltd. as its nominee.

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

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.	25.05.2013	10	6
2.	12.08.2013	10	8
3.	11.09.2013	10	5
4.	09.11.2013	10	7
5.	13.02.2014	10	7
6.	03.03.2014	10	5

3. AUDIT COMMITTEE

Composition:

The Company has an Audit Committee constituted in accordance with the Corporate Governance requirements. As on 31.03.2014, 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. 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, 2014, four Audit Committee Meetings were held on 25.05.2013, 12.08.2013, 09.11.2013 and 13.02.2014. 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. Anoop Gupta	Non- Executive/Independent Director	4	1

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 11th September, 2013.

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, 2014, three Remuneration Committee Meetings were held on 25.05.2013, 09.11.2013 and 13.02.2014.

Details of Attendance at the Meetings are as follows:

S. No.	Name of Director	Category	Status	No. of Committee meeting during the tenure	
				Held	Attended
1.	Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	Chairman	3	3
2.	Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	Member	3	3
3.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	Member	3	1

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 2013-14:

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	Performance linked remuneration	Tenure
Mr. Shyam Sunder Shamma	Chairman & Managing Director	₹2,040,000/-	₹900,000/-	5 years (from 18th September, 2010)
Mr. Vishnu Dutt Khandelwal	Executive Vice Chairman	₹1,200,000/-	₹2,500,000/-	5 years (from 19th June, 2013)*
Mr. Sharad Sharma	Joint Managing Director	₹1,200,000/-	₹2,500,000/-	5 years (from 1st February, 2014)#
Mr. Rajesh Sharma	Executive Director	₹1,620,000/-	₹2,500,000/-	5 years (from 19th June, 2013)*
Mr. Gopal Singh Shekhavat	Director (Administration)	₹1,060,000/-	-	5 years (from 1st June, 2013)\$

* Mr. Vishnu Dutt Khandelwal and Mr. Rajesh Sharma were re-appointed as Executive Vice-Chairman and Executive Director of the Company, respectively, for a further period of 5 years w.e.f. 19th June, 2013 upon expiry of their term of office.

Mr. Sharad Sharma was re-appointed as Joint Managing Director of the Company for a further period of 5 years w.e.f. 1st February, 2014 upon expiry of his term of office.

\$ Mr. Gopal Singh Shekhavat was appointed as Whole Time Director designated as Director (Administration) for a period of 5 years w.e.f. 1st June, 2013.

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 2013-14 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 2013-14 are as follows:

Name of Director	Sitting Fees	Commission
Mr. Surendra Kumar Kabra	₹40,000/-	₹333,333/-
Mr. Pradeep Kumar Goenka	₹50,000/-	₹500,000/-
Mr. Vishwa Nath Chandak	₹20,000/-	₹166,667/-
Mrs. Indu Gupta*	₹5,000/-	₹83,333/-
Mr. Anoop Gupta	₹15,000/-	₹166,667/-

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

The Shareholding of Non-Executive Directors in the Company as on 31.03.2014 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	33	33
2.	Mr. Shyam Sunder Sharmma	Promoter Executive Director	33	24
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	33	27
4.	Mr. Sharad Sharma	Promoter Executive Director	33	29

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2014, are as under:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	4	4	Nil

As on 31st March, 2014, 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 Sharma.

Terms of Reference:

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

Meetings:

During the financial year ended 31st March, 2014, one Securities Allotment and Certificate Issuance Committee meeting was held on 07.03.2014.

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
2013	11th September, 2013	5:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2012	29th September, 2012	2:15 P.M.	
2011	28th September, 2011	5:30 P.M.	

Extraordinary General Meetings:

Year	Date of Meeting	Time	Place
2014	22nd February, 2014	2:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2011	7th March, 2011	5:00 P.M.	
2010	22nd April, 2010	12:15 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
2013	11th September, 2013	1) Consent to voluntarily delist the Equity Shares of the Company from U.P. Stock Exchange Limited, Kanpur, subject to the condition that the Equity Shares of the Company shall continue to remain listed at BSE Limited, Mumbai.
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.

Extraordinary General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2014	22nd February, 2014	1) Consent and approval to create, offer, issue and allot upto 16,25,000 convertible warrants on Preferential basis u/s 81 (1A) of Companies Act, 1956.
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.

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.ganeshhaecosphere.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	:	29th September, 2014
Time	:	3:00 p.m.
Venue	:	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

B. Financial Year/Calendar:

• Results for First Quarter ending 30th June, 2014.	On or before 14th August, 2014
• Results for Second Quarter ending 30th September, 2014.	On or before 14th November, 2014
• Results for Third Quarter ending 31st December, 2014.	On or before 14th February, 2015
• Results for Financial Year ending 31st March, 2015.	On or before 30th May, 2015

C. Date of Book Closure:

From Tuesday, 23rd September, 2014 to Monday, 29th September, 2014 (both days inclusive).

D. Dividend Payment Date:

On and after 1st October, 2014.

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

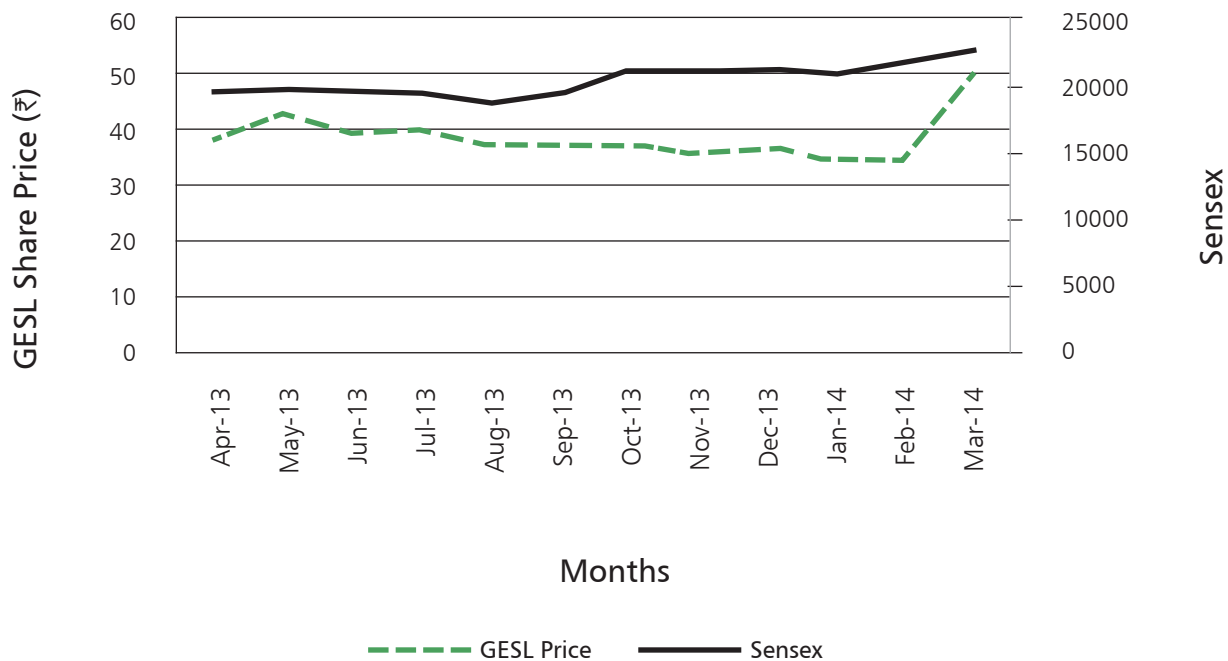
G. Stock Market Price Data for the year 2013-14:

Month	BSE PRICES			
	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded
April, 2013	40.90	38.00	39.00	63113
May, 2013	45.00	38.10	43.00	36159
June, 2013	45.00	38.00	40.00	49912
July, 2013	44.95	38.50	40.25	81994
August, 2013	42.00	35.50	38.00	31411
September, 2013	44.00	32.55	37.60	192404
October, 2013	39.90	32.10	37.95	155335
November, 2013	39.80	34.00	36.20	74409
December, 2013	39.50	35.05	37.25	68038
January, 2014	37.85	32.25	34.30	58282
February, 2014	37.90	32.00	35.10	70442
March, 2014	50.50	30.90	50.00	417199

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:

GESL Share Price and 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, 2014:

No. of Shares	Shareholders		Shareholding	
	Number	% of total	Number	% of total
Upto 500	11186	93.14	1687732	11.11
501 - 1000	455	3.79	387246	2.55
1001 - 2000	161	1.34	250263	1.65
2001 - 3000	55	0.46	137810	0.91
3001 - 4000	25	0.21	91303	0.60
4001 - 5000	29	0.24	141113	0.93
5001 - 10000	25	0.21	162811	1.07
10001 & above	74	0.61	12327722	81.18
Total	12010	100.00	15186000	100.00

Shareholding Pattern as on 31st March, 2014:

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	8609057	56.69
(2)	Foreign	0	0	0.00
	Total Shareholding of Promoter and Promoter Group	12	8609057	56.69
(B)	Public Shareholding			
(1)	Institutions	8	5600	0.04
(2)	Non-Institutions	11990	6571343	43.27
	Total Public Shareholding	11998	6576943	43.31
	Total (A+B)	12010	15186000	100.00

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2014, 91.62% 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:

GDRs/ADRs:

There were no outstanding GDRs/ADRs as on 31st March, 2014.

Warrants and other convertible instruments:

During the year, the Company has allotted 10,15,000 Convertible Warrants to the 'Promoters/Promoter Group & Others' on preferential basis convertible into equal number of Equity Shares of ₹10/- each at a price of ₹64/- per share.

As on 31st March, 2014, entire 10,15,000 Convertible Warrants were outstanding for conversion.

M. Plant Location:

1. Kanpur Unit:

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

2. Rudrapur Unit:

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

3. Bilaspur 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.

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, Ganesh Ecosphere Ltd. 113/216-B, First Floor, Swaroop Nagar, Kanpur- 208002. Tel: 0512-2555504-06 Fax: 0512-2555293 E-mail: shrdept@gmail.com
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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 72 of the Companies Act, 2013, may submit their request to the Company's Registrar and Transfer Agents, M/s. Skyline Financial Services Private Limited, in the prescribed Form SH-13 which will be sent by the Company upon such request.

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 2013-14.

Place : Kanpur

Date : 9th July, 2014

(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, 2014, 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

Place: Kanpur
Dated: 9th July, 2014

Deepak Seth
Partner
Membership No. 073081

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, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

The Company's 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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 and other applicable authoritative pronouncements 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 accompanying 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, 2014;
- (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', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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: 30th May, 2014

Membership No. 073081

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (1) (i) The Company has maintained proper records showing full particulars including quantitative details & situation of fixed assets on the basis of available information.
- (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.
- (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.
- (2) (i) As explained to us, inventory except for goods in transit has been physically verified by the management at reasonable intervals during the year.
- (ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (iii) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) (i) According to the information and explanations given to us, the Company had granted unsecured loan to a Director covered in the register maintained under section 301 of the Companies Act, 1956 prior to his appointment as a director in the Company. In respect of said loan, the maximum amount outstanding at any time during the year after his appointment was ₹1,112,407/- and the balance outstanding as on 31st March 2014 is ₹877,550/- .
- (ii) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan given by the Company are not prima facie prejudicial to the interest of the Company.
- (iii) In respect of aforesaid loan, receipt of principal amount and interest are regular.
- (iv) In respect of said loan & interest thereon there are no overdue amounts.
- (v) According to the information and explanations given to us, the Company has taken unsecured loans and fixed deposits from two Companies, four directors and nine other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year ₹41,290,000/- were taken as loan and the maximum amount involved during the year was ₹58,704,409/- and the balance outstanding as on 31st March 2014 is ₹50,690,000/-.
- (vi) In our opinion and according to the information and explanations given to us, the rate of interest & other terms and conditions of such loans taken by the company, are not prima facie prejudicial to the interest of the Company.
- (vii) In respect of unsecured loans taken by the Company, principal amount including interest is repayable on demand and there are no stipulations as to the payment of principal amount & interest thereon. In respect of fixed deposits taken by the Company, payment of principal amount & interest are regular.
- (4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (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.
- (ii) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or debentures of the Company in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or any Court or any other Tribunal.
- (7) In our opinion, the Company has an internal audit system commensurate with the size & nature of its business.
- (8) 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.

- (9) (i) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues have been generally regularly deposited with the appropriate authorities.
- (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, 2014 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 2014 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, 2014 and it has not incurred any cash losses during the financial year ended on 31st March, 2014 and in the immediately preceding financial year ended on 31st March, 2013.
- (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) In our opinion, and according to the information and explanations given to us by the management, the term loans have been applied for the purposes for which they were obtained.
- (17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company at the end of the year, we report that, based on maturity profile of assets and liabilities, the Company has used short term funds to the extent of ₹205,776,690/- for long term investments.
- (18) The Company has not made any preferential allotment of shares to parties and Companies 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: 30th May, 2014

Membership No. 073081

BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

Particulars	NOTE NO.	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital	2	151,860,000	156,860,000
Reserves & Surplus	3	1,080,318,561	857,381,795
Money received against Share Warrants	4	16,240,000	-
SUB-TOTAL		1,248,418,561	1,014,241,795
2. Non - Current Liabilities			
Long Term Borrowings	5	1,251,499,186	1,068,267,169
Deferred Tax Liabilities (Net)	6	65,524,301	49,907,793
Other Long Term Liabilities	7	34,997,226	29,661,292
Long Term Provisions	8	15,974,992	14,243,907
SUB-TOTAL		1,367,995,705	1,162,080,161
3. Current Liabilities			
Short Term Borrowings	9	764,937,884	538,392,962
Trade Payables	10	281,944,315	152,188,201
Other Current Liabilities	11	415,578,587	316,895,173
Short Term Provisions	12	32,961,563	32,569,710
SUB-TOTAL		1,495,422,349	1,040,046,046
TOTAL		4,111,836,615	3,216,368,002
II. ASSETS			
1. Non - Current Assets			
Fixed Assets:			
Tangible Assets	13	2,024,251,061	1,027,911,649
Intangible Assets	13	2,097,862	1,905,058
Capital Work-in-Progress	13	596,175,663	848,000,325
Long Term Loans and Advances	14	26,521,214	134,581,202
Other Non-Current Assets	15	173,145,156	109,045,886
SUB-TOTAL		2,822,190,956	2,121,444,120
2. Current Assets			
Inventories	16	607,465,351	390,705,787
Trade Receivables	17	392,042,298	344,047,503
Cash & Bank Balances	18	193,373,819	256,022,315
Short Term Loans and Advances	19	51,446,122	37,953,305
Other Current Assets	20	45,318,069	66,194,972
SUB-TOTAL		1,289,645,659	1,094,923,882
TOTAL		4,111,836,615	3,216,368,002
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: 30th May, 2014

Bharat Kumar Sajnani

Company Secretary

Gopal Agarwal

Chief Finance Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

Particulars	NOTE NO.	Year ended 31.03.2014	Year ended 31.03.2013
I. REVENUE FROM OPERATIONS	21		
a. from Sale of products		5,000,248,894	4,353,969,128
b. Other Operating Revenues		6,876,680	2,403,793
SUB-TOTAL		5,007,125,574	4,356,372,921
c. Less: Excise Duty		12,356,724	3,480,191
		4,994,768,850	4,352,892,730
II. OTHER INCOME	22	15,526,834	10,749,738
III. TOTAL REVENUE (I+II)		5,010,295,684	4,363,642,468
IV. EXPENSES			
Cost of Materials Consumed	23	3,300,845,748	2,838,996,999
Purchases of Stock-in-Trade	24	162,945,458	44,969,745
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(57,878,694)	84,582,324
Employee Benefits Expense	26	247,854,887	199,288,890
Finance Costs	27	158,603,809	102,550,477
Depreciation and Amortization Expense	28	125,618,330	114,640,360
Other Expenses	29	793,528,675	713,927,611
Total Expenses		4,731,518,213	4,098,956,406
V. PROFIT BEFORE EXTRA ORDINARY ITEMS & TAX (III-IV)		278,777,471	264,686,062
VI. EXTRA ORDINARY ITEMS			
Loss By fire		(15,615,957)	-
VII. Profit before Tax (V-VI)		263,161,514	264,686,062
VIII. Tax Expense:			
1) Current Tax		(55,159,969)	(52,957,726)
Less: MAT Credit		53,049,539	29,108,331
2) Deferred Tax		(15,616,508)	361,402
IX. PROFIT FOR THE YEAR (VII-VIII)		245,434,576	241,198,069
X. EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH	30		
(1) Basic		16.74	15.52
(2) Diluted		16.74	15.52
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 Sharma

Chairman and Managing Director

Place: Kanpur

Dated: 30th May, 2014

Bharat Kumar Sajnani

Company Secretary

Gopal Agarwal

Chief Finance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	Year ended 31.03.2014		Year ended 31.03.2013	
A: CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before extra ordinary Items & tax as per statement of Profit and Loss		278,777,471		264,686,062
Adjusted for :				
Prior Period Items (Net)	(20,584)		755,147	
Provision for Doubtful Debts/Advances	1,780,825		3,674,744	
Provision for Doubtful Debts Written Back	(364,007)		(1,180,022)	
Loss/Gain on fixed assets sold/discarded/destroyed by fire	3,166,621		11,616,940	
Depreciation/Amortisation	125,618,330		114,640,360	
Finance Costs	158,603,809	288,784,994	102,550,477	232,057,646
Operating Profit before Working Capital Changes		567,562,465		496,743,708
Adjusted for :				
(Increase) in Trade & Other Receivables	(83,680,350)		(88,941,695)	
Decrease/ (Increase) in Inventories	(216,759,564)		82,471,645	
Increase in Trade & Other Payables	167,205,877	(133,234,037)	16,702,325	10,232,275
Cash Generated from Operations		434,328,428		506,975,983
Extra Ordinary Items: Loss By fire		(15,615,957)		-
Prior Period Items (Net)		20,584		(755,147)
Direct Taxes Paid		(57,416,632)		(59,151,581)
Net Cash From Operating Activities		361,316,423		447,069,255
B: CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(769,389,052)		(1,019,614,384)
Proceeds from sale/insurance claim of Fixed Assets		5,626,918		673331
Net Cash Used in Investing Activities		(763,762,134)		(1,018,941,053)
C: CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from/(Repayment) of Long Term Borrowings (Net)		241,606,249		718,928,082
Proceeds from/(Repayment) of Short Term Borrowings (Net)		226,544,922		124,432,953
Redemption of Cumulative Redeemable Preference Shares (Series I)		(5,000,000)		-
Redemption of Cumulative Redeemable Preference Shares (Series II)		-		(40,000,000)
Money received against Share Warrants		16,240,000		-
Premium Paid on Redemption of Preference Shares (Series I)		(10,000,000)		-
Finance Charges		(146,642,080)		(77,566,234)
Dividend paid on Equity shares		(18,223,200)		(18,223,200)
Dividend paid on Preference Shares		(750,000)		(5,833,333)
Tax on Dividend Distribution		(3,224,496)		(3,902,571)
Net Cash from Financing Activities		300,551,395		697,835,697
Net Increase in Cash and Cash Equivalents (A+B+C)		(101,894,316)		125,963,899
Opening Balance of Cash and Cash Equivalents		181,879,435		55,915,536
Closing Balance of Cash and Cash Equivalents(Refer Note 18)		79,985,119		181,879,435
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 Sharma

Chairman and Managing Director

Place: Kanpur

Dated: 30th May, 2014

Bharat Kumar Sajnani

Company Secretary

Gopal Agarwal

Chief Finance Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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.

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, Duty Draw back Scheme, Focus Product Scheme, etc. 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 borrowing 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 and Spinning Division at Bilaspur where depreciation is provided on "Straight Line Method (SLM)".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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 ₹5,000, are depreciated fully within the year of acquisition.

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

1.7 Borrowing Costs:

Interest and other 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. Other interests and borrowing costs are charged to Revenue.

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 after providing for obsolescence, if any. 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, 2014

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 received against specific fixed assets are adjusted to cost of assets and those 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.

1.16 Application of Securities Premium Account:

Premium payable on redemption of Preference Shares are charged, first against available balance in Securities Premium Account.

	(Amount in ₹)			
	As at 31.03.2014		As at 31.03.2013	
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
NIL (Previous Year 50,000) 10% Cumulative Redeemable Preference Shares (Series I) of ₹100/- each fully paid up		-		5,000,000
		151,860,000		156,860,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Note 2 SHARE CAPITAL (contd.)

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	15,186,000
Add: Shares issued during the year	-	-
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	50,000	450,000
Less: Redemption during the year	50,000	(400,000)
Preference Shares outstanding at the end of the year	-	50,000

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 have been redeemed at a premium of ₹200/- each on 30.09.2013 along with accrued dividend.

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

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of holding	No. of Shares held	% of holding
a) Equity shares				
Shyam Sunder Sharmma	2,163,927	14.25	2,163,927	14.25
GPL Finance Ltd.	2,123,201	13.98	2,123,201	13.98
Rajesh Sharma	1,095,525	7.21	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.	NA	NA	46,525	93.05
Sandeep Yarns Pvt. Ltd.	NA	NA	3,475	6.95

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, 2014

(Amount in ₹)

		As at 31.03.2014		As at 31.03.2013	
Note	3 RESERVES AND SURPLUS				
a. Capital Reserve					
	As per last Balance Sheet		22,528,028		22,528,028
b. Capital Redemption Reserve					
	As per last Balance Sheet	40,000,000		-	
	Add: Transfer From Statement of Profit & Loss	5,000,000	45,000,000	40,000,000	40,000,000
c. Securities Premium Account					
	As per last Balance Sheet	101,439,699		101,439,699	
	Less: Premium paid on redemption of Preference Shares (Series I)	(10,000,000)	91,439,699	-	101,439,699
d. Debenture Redemption Reserve					
	As per last Balance Sheet	45,000,000		94,919,361	
	Add: Transferred to Statement of Profit and Loss	(11,250,000)	33,750,000	(49,919,361)	45,000,000
e. General Reserve					
	As per last Balance Sheet	20,277,177		14,247,225	
	Add: Transferred from Statement of Profit and Loss	6,135,864	26,413,041	6,029,952	20,277,177
f. Surplus					
	Balance at the beginning of the year	628,136,891		409,847,125	
	Add: Profits for the year	245,434,576		241,198,069	
		873,571,467		651,045,194	
	Less: Appropriations:				
	- MAT Credit (Recognised)/ Reversed for earlier years	(10,313,111)		1,919,447	
	- Taxation adjustments for earlier years (net)	1,198,200		1,423,424	
	- Transferred to Capital Redemption Reserve	5,000,000		40,000,000	
	- Transferred from Debenture Redemption Reserve	(11,250,000)		(49,919,361)	
	- Transferred to General Reserve	6,135,864		6,029,952	
	- Interim Dividend on Preference Shares (Series I) *	250,000		-	
	- Interim Dividend on Preference Shares (Series II)	-		1,333,333	
	- Dividend Distribution Tax on Interim Dividend	42,488		216,300	
	- Proposed Dividend on Preference Shares	-		500,000	
	- Proposed Dividend on Equity Shares #	18,223,200		18,223,200	
	- Dividend Distribution Tax on Proposed Dividend	3,097,033		3,182,008	
		12,383,674	861,187,793	22,908,303	628,136,891
	TOTAL		1,080,318,561		857,381,795

* Interim Dividend paid to Preference Shareholders-Series I (redeemed on 30.09.2013) @ ₹10/- per annum.

Dividend proposed to be distributed to Equity Shareholders ₹1.20 (Previous Year ₹1.20) per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

		(Amount in ₹)			
		As at 31.03.2014		As at 31.03.2013	
Note	4 MONEY RECEIVED AGAINST SHARE WARRANTS				
	Money Received against Share Warrants		16,240,000		-
	TOTAL		16,240,000		-
4.1	The reconciliation of the number of Share Warrants is as under:		Numbers		Numbers
	Balance at the beginning of the year		-		-
	Add: Issued during the year		1,015,000		-
			1,015,000		-
	Less: Converted into Equity Shares during the year		-		-
	Balance at the end of the year		1,015,000		-

4.2 During the year, 1,015,000 Share Warrants were issued convertible into equal number of Equity Shares of ₹10/- each at a premium of ₹54/- per share.

		(Amount in ₹)			
		As at 31.03.2014		As at 31.03.2013	
		Non Current	Current	Non Current	Current
Note	5 LONG TERM BORROWINGS				
	SECURED				
	Rupee Term Loans from Banks & Financial Institution	841,264,695	121,432,096	843,249,850	115,527,931
	Rupee Term Loans from Others	23,384,788	12,807,522	9,502,516	10,743,140
	Foreign Currency Loan from Financial Institution	167,541,186	-	-	-
	Buyers Credit from Banks in Foreign Currency	129,567,315	20,000,000	87,375,897	2,000,000
	UNSECURED				
	375,000 (Previous Year 500,000) Non Convertible Debentures of ₹90/- each	33,750,000	-	45,000,000	-
	Rupee Term Loans from Others	30,776,202	52,792,984	61,850,000	23,037,946
	Deferred Payment Liability	-	-	5,063,906	11,174,353
	Fixed Deposits				
	- from Related Parties	21,932,000	9,355,000	10,345,000	-
	- from Others	3,283,000	4,470,000	5,880,000	-
	TOTAL	1,251,499,186	220,857,602	1,068,267,169	162,483,370
	Less: Amount disclosed under the head "Other Current Liabilities" (Refer Note 11)		220,857,602		162,483,370
	Net Amount	1,251,499,186	-	1,068,267,169	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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 and Foreign Currency Loan from Banks & FI, including Buyers credit from Banks, aggregating to ₹1,277,966,749 (Previous Year ₹1,029,670,446) 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. These loans are repayable in monthly/ quarterly installments as per following maturity profile:

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
₹140,900,000	₹291,656,643	₹330,092,685	₹341,075,931	₹99,566,566	₹74,674,924

- ii) Corporate term loan from bank of ₹ Nil (Previous Year ₹17,500,000) 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.

- iii) Loans aggregating to ₹1,838,543 (Previous Year ₹983,232) relate to vehicle purchased and are secured by way of hypothecation & exclusive charge of specified vehicles. Maturity profile is as under:

2014-15	2015-16	2016-17	2017-18	2018-19
₹532,096	₹352,662	₹396,755	₹362,054	₹194,976

- b) Rupee term loans from Others aggregating to ₹36,192,310 (Previous Year ₹20,245,656) 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:

2014-15	2015-16	2016-17	2017-18
₹12,807,522	₹10,017,577	₹10,468,464	₹2,898,747

- c) Repayment of Non Convertible Debentures of ₹33,750,000 (Previous Year ₹45,000,000) has been guaranteed by executive directors and others personally as well as by pledge of shares owned by them. These debentures are to be redeemed during April, 2015 along with premium.

- d) Repayment of Rupee term loans of ₹83,569,186 (Previous Year ₹84,887,946) from other parties have been guaranteed by executive directors. Out of above, Loan of ₹5.50 crores is additionally secured by pledge of shares owned by executive directors and others. These loans are repayable in monthly/quarterly installments as per following maturity profile:

2014-15	2015-16	2016-17
₹52,792,984	₹19,299,331	₹11,476,871

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

2014-15	2015-16	2016-17
₹13,825,000	-	₹25,215,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	As at 31.03.2014		As at 31.03.2013	
Note 6 DEFERRED TAX LIABILITY (Net)				
Deferred Tax Liability				
Related to Fixed Assets		75,174,517		59,024,814
Deferred Tax Assets				
- Expenditure allowable on actual payment basis under the Income Tax Act	8,540,390		7,073,241	
- Others	1,109,826	9,650,216	2,043,780	9,117,021
Net Deferred Tax Liability		65,524,301		49,907,793

Note 7 OTHER LONG TERM LIABILITIES

Trade payables				
- Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-		-	
- Others	5,354,419	5,354,419	5,896,449	5,896,449
Premium accrued but not due on Non Convertible Debentures		27,973,578		22,785,406
Other payables		1,669,229		979,437
TOTAL		34,997,226		29,661,292

Note 8 LONG TERM PROVISIONS

Provision for Employee benefits (Refer Note 26.1)				
- Gratuity	13,662,510		12,386,669	
- Leave encashment	2,312,482	15,974,992	1,857,238	14,243,907
TOTAL		15,974,992		14,243,907

Note 9 SHORT TERM BORROWINGS

SECURED				
Working Capital Loans from Banks				
- Rupee Loans	633,899,251		292,490,723	
- Foreign Currency Loans	7,893,998		150,006,771	
- Foreign Currency Loans - Buyers Credit arrangements	109,594,635	751,387,884	87,823,059	530,320,553
UNSECURED				
Loans repayable on demand:				
- from Directors & other related parties	13,450,000		6,072,409	
- from Others	100,000	13,550,000	2,000,000	8,072,409
TOTAL		764,937,884		538,392,962

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Note 9 SHORT TERM BORROWINGS (contd.)

- a) Working capital loans from Banks except Buyers' Credit arrangement of ₹96,379,566/- (Previous Year ₹55,824,266/-) 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 ₹96,379,566/- (Previous Year ₹55,824,266/-) from banks is secured by way of pledge of fixed deposit receipts.

		(Amount in ₹)	
		As at 31.03.2014	
		As at 31.03.2013	
Note 10	TRADE PAYABLES		
a.	Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-	-
b.	Others	281,944,315	152,188,201
	TOTAL	281,944,315	152,188,201

Note 11 OTHER CURRENT LIABILITIES

a.	Current maturities of long term debts (Refer Note 5)	220,857,602	162,483,370
b.	Interest accrued but not due on borrowings	2,807,738	1,677,521
c.	Interest accrued and due on borrowings	11,073,884	5,430,544
d.	Unclaimed Dividend #	4,032,205	2,932,982
e.	Creditors for Capital Expenditure	41,700,116	34,228,598
f.	Advances from Customers	11,269,852	7,419,799
g.	Statutory dues	10,208,628	5,553,686
h.	Other Payables*	113,628,562	97,168,673
	TOTAL	415,578,587	316,895,173

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	4,020,413	3,082,951
	- Leave encashment	1,027,413	858,371
b.	Provision for Income Tax (net of Advance tax)	5,664,717	6,723,180
c.	Proposed Dividend	18,223,200	18,723,200
d.	Provision for Tax on Proposed Dividend	3,097,033	3,182,008
e.	Provision for Excise Duty	928,787	-
	TOTAL	32,961,563	32,569,710

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

Note 13 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2013	Additions during the Year	Deductions/ Adjustment	As at 31.03.2014	As at 31.03.2013	For the Year	Deductions/ Adjustment	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
TANGIBLE ASSETS:										
Own Assets:										
Freehold Land & Site Development	107,935,056	3,885,082	-	111,820,138	-	-	-	-	111,820,138	107,935,056
Leasehold Land	57,120,549	-	-	57,120,549	1,359,095	634,673	-	1,993,768	55,126,781	55,761,454
Buildings	258,066,585	264,985,802	-	523,052,387	62,155,436	15,954,776	-	78,110,212	444,942,175	195,911,149
Plant & Machinery	1,141,710,085	856,541,719	11,488,729	1,986,763,075	491,027,853	103,293,715	2,754,788	591,566,780	1,395,196,295	650,682,232
Furniture & Fixtures	11,340,302	1,001,966	-	12,342,268	6,755,479	1,340,497	-	8,095,976	4,246,292	4,584,823
Office Equipments	17,035,575	2,853,029	2,195,599	17,693,005	10,717,387	2,495,794	2,144,038	11,069,143	6,623,862	6,318,188
Vehicles	16,941,644	1,489,130	71,253	18,359,521	10,222,897	1,904,322	63,216	12,064,003	6,295,518	6,718,747
TOTAL	1,610,149,796	1,130,756,728	13,755,581	2,727,150,943	582,238,147	125,623,777	4,962,042	702,899,882	2,024,251,061	1,027,911,649
Previous Year's 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
INTANGIBLE ASSETS:										
Technical Knowhow	1,462,548	-	-	1,462,548	1,462,548	-	-	1,462,548	-	-
Software	3,094,654	772,916	-	3,867,570	1,189,596	580,112	-	1,769,708	2,097,862	1,905,058
TOTAL	4,557,202	772,916	-	5,330,118	2,652,144	580,112	-	3,232,256	2,097,862	1,905,058
Previous Year's Total	3,343,071	1,214,131	-	4,557,202	2,226,980	425,164	-	2,652,144	1,905,058	1,116,091
Capital Work-in- progress (including Pre-operative expenses pending allocation to assets - Refer Note 35)									596,175,663	848,000,325

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 ₹1,611,426 (Previous Year ₹6,553,599) has been adjusted with the cost of capital assets, to be depreciated over the balance useful life of respective assets.

(Amount in ₹)

Note 14 LONG TERM LOANS & ADVANCES (Unsecured and considered good unless otherwise stated)	As at 31.03.2014		As at 31.03.2013	
	a. Capital Advances	3,344,615		113,074,986
b. Security Deposits	19,574,697		16,562,810	
c. Loan to Director (Related Party)	595,667		-	
d. Other Loans & Advances*	3,688,076		9,001,369	
Less: Provision for Doubtful Advances	(681,841)	3,006,235	(4,057,963)	4,943,406
TOTAL	26,521,214		134,581,202	

* Includes Loans to Employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	As at 31.03.2014		As at 31.03.2013	
Note 15 OTHER NON CURRENT ASSETS				
(Unsecured)				
a. Long term Trade Receivables	2,583,313		1,954,925	
Less: Provision for Doubtful Debts	(2,583,313)	-	(1,954,925)	-
b. Mat Credit available for set off		169,511,189		106,148,539
c. Credit/ Refund of Statutory Dues		3,633,967		2,897,347
TOTAL		173,145,156		109,045,886

	As at 31.03.2014		As at 31.03.2013	
Note 16 INVENTORIES				
(Refer Note no. 1.9 for valuation)				
a. Raw-Materials	155,398,845		128,609,947	
Raw-Materials in transit	1,010,020	156,408,865	1,549,440	130,159,387
b. Work-in-progress		66,879,986		34,890,891
c. Finished Goods		283,109,154		160,396,910
d. Stock-in-trade		4,824,277		17,218
e. Stores & Spares		96,243,069		65,241,381
TOTAL		607,465,351		390,705,787

16.1 Details of Raw Materials

Plastic/ Pet Bottle Scrap	98,272,514	80,026,040
POY/ Texturised/ Twisted Yarn	5,705,186	3,603,412
Colour & Chemicals	46,054,634	42,534,342
Packing Materials	6,376,531	3,995,593
TOTAL	156,408,865	130,159,387

16.2 Details of Work-in-progress

Polyester Staple Fibre	33,485,742	20,099,997
Dyed Texturised Yarn	13,330,114	11,445,160
Spun Yarn	20,064,130	3,345,734
TOTAL	66,879,986	34,890,891

16.3 Details of Finished Goods

Polyester Staple Fibre	141,936,636	115,574,205
Dyed Texturised Yarn	14,222,896	24,881,924
Spun Yarn	126,892,502	19,914,001
Waste & Scrap	57,120	26,780
TOTAL	283,109,154	160,396,910

16.4 Details of Stock in Trade

Polyester Staple Fibre	-	17,218
Yarn	4,824,277	-
TOTAL	4,824,277	17,218

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	As at 31.03.2014		As at 31.03.2013	
Note 17 TRADE RECEIVABLES				
(Unsecured)				
a. Over Six Months from due date -				
Considered Good	7,645,221		749,806	
Considered Doubtful	-		-	
	7,645,221		749,806	
Less : Provision for Doubtful Debts	-	7,645,221	-	749,806
b. Others (Considered Good)		384,397,077		343,297,697
TOTAL		392,042,298		344,047,503

Note 18 CASH & BANK BALANCES

A. Cash and Cash Equivalents:				
a. Balances with Banks (in current accounts)	59,303,636		10,003,376	
b. Cheques on hand	17,168,484		10,129,722	
c. Cash on hand	3,512,999		1,711,337	
d. Fixed Deposits with Banks	-	79,985,119	160,035,000	181,879,435
B. Other Bank Balances:				
a. Unclaimed dividend accounts	4,032,205		2,932,982	
b. Fixed Deposits with Banks #				
- Held as margin money with Banks/ pledged to Excise authorities	109,356,495	113,388,700	71,209,898	74,142,880
TOTAL		193,373,819		256,022,315

Fixed deposits with banks include deposits of ₹3,179,164/- (Previous Year ₹46,737/-) with maturity of more than 12 months.

Note 19 SHORT TERM LOANS & ADVANCES

(Unsecured and considered good)				
a. Prepaid Expenses & Lease rent		6,081,846		6,927,596
b. Security Deposits		2,934,150		3,581,150
c. Advances to Vendors		28,749,300		24,364,634
d. Advances to Employees and Others		2,932,832		3,079,925
e. Loan to Director (Related party)		281,883		-
f. Insurance Claim Receivable		10,466,111		-
TOTAL		51,446,122		37,953,305

Note 20 OTHER CURRENT ASSETS

a. Export incentives receivable		10,786,581		15,666,052
b. Interest Subsidy and Interest receivable		21,002,469		9,007,597
c. Deferred Forward Contract Premium		-		2,560,851
d. Credits/ Refund of Statutory Dues		13,529,019		38,740,472
e. Discarded Fixed Assets held for disposal		-		220,000
TOTAL		45,318,069		66,194,972

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	Year ended 31.03.2014		Year ended 31.03.2013	
Note 21 REVENUE FROM OPERATIONS				
a. Sale of Products				
i) Manufactured				
- Polyester Staple Fibre	3,645,595,880		3,510,896,750	
- Dyed Texturized Yarn	483,126,039		461,116,513	
- Spun Yarn*	674,110,991		318,553,922	
- Waste and Scrap	15,698,757	4,818,531,667	13,413,939	4,303,981,124
ii) Traded Goods				
- Polyester Staple Fibre	56,969,155		9,703,431	
- Yarn	124,748,072	181,717,227	40,284,573	49,988,004
SUB-TOTAL		5,000,248,894		4,353,969,128
b. Other Operating Revenues				
i) Job Work receipt		252,978		180,677
ii) Insurance Claims received	11,756,688		33,237	
Less: Loss By fire	(8,994,063)	2,762,625	-	33,237
iii) Service Tax refund		854,296		1,169,352
iv) Others		3,006,781		1,020,527
SUB-TOTAL		6,876,680		2,403,793
TOTAL		5,007,125,574		4,356,372,921
Less: Excise Duty		12,356,724		3,480,191
TOTAL		4,994,768,850		4,352,892,730

* Own manufacturing as well as conversion of own manufactured Polyester Staple Fibre into Spun yarn on job work from an outside party.

Note 22 OTHER INCOME				
a. Interest received		11,564,544		3,435,047
b. Net Gain on foreign currency transaction & translation		3,824,452		6,555,223
c. Other non-operating Income		137,838		759,468
TOTAL		15,526,834		10,749,738

Note 23 COST OF MATERIALS CONSUMED				
Raw Materials:				
a. Plastic/ Pet bottles scraps		2,575,658,505		2,217,169,914
b. POY/Texturized/ Twisted Yarn		279,011,095		307,765,277
c. Colour & Chemicals		395,395,882		271,309,923
d. Packing Material & Expenses		50,780,266		42,751,885
TOTAL		3,300,845,748		2,838,996,999

Note 24 PURCHASES OF STOCK-IN-TRADE				
a. Polyester Staple Fibre		45,385,879		6,499,802
b. Yarn		117,559,579		38,469,943
TOTAL		162,945,458		44,969,745

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

		(Amount in ₹)			
		Year ended 31.03.2014		Year ended 31.03.2013	
Note	25	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
a.	Closing Inventories:				
i)	Finished Goods & Stock-in-trade	287,933,431		160,414,128	
ii)	Work-in-progress	66,879,986	354,813,417	34,890,891	195,305,019
	Less:				
b.	Opening Inventories (Including Trial Run Stock):				
i)	Finished Goods & Stock-in-trade	238,947,811		211,602,884	
ii)	Work-in-progress	57,986,912	296,934,723	68,284,459	279,887,343
	TOTAL		57,878,694		(84,582,324)
Note	26	EMPLOYEE BENEFITS EXPENSE			
a.	Salaries, Wages and Bonus etc.		229,782,863		183,841,134
b.	Contribution to Provident & Other Funds		10,072,637		7,585,237
c.	Staff Welfare Expenses		7,999,387		7,862,519
	TOTAL		247,854,887		199,288,890

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 ₹10,072,637 (Previous Year ₹7,585,237), excluding ₹796,026 (Previous Year Nil) transferred to Pre-operative expenses.

b) Defined benefit Plans

As per Actuarial Valuation on 31st March, 2014

i) Expenses recognized in the Statement of Profit & Loss for the year ended 31st March, 2014: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
1 Current Service Cost	2,988,381	2,349,223	1,342,623	858,394
2 Past Service Cost	-	-	-	-
3 Interest Cost	1,253,039	1,141,393	219,964	182,242
4 Expected Return on the Plan Assets	-	-	-	-
5 Net Actuarial (Gain)/ Losses recognized	(1,480,604)	(524,334)	(786,579)	(327,421)
6 Curtailment Cost/ Settlement Cost	-	-	-	-
7 Total Expense*	2,760,816	2,966,282	776,008	713,215

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

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, 2014: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
1 Present value of Defined Benefit Obligation on 31st March	17,682,923	15,469,620	3,339,895	2,715,609
2 Fair Value of Plan Assets on 31st March	-	-	-	-
3 Funded Status [Surplus/ (Deficit)]	(17,682,923)	(15,469,620)	(3,339,895)	(2,715,609)
4 Net Asset/ (Liability) recognized in Balance Sheet on 31st March	17,682,923	15,469,620	3,339,895	2,715,609

iii) Change in Present Value of Obligation during the year ended 31st March, 2014: (Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
1 Present value of Obligation at the beginning of the year	15,469,620	13,272,016	2,715,609	2,119,088
2 Interest Cost	1,253,039	1,141,393	219,964	182,242
3 Past Service Cost	-	-	-	-
4 Current Service Cost	2,988,381	2,349,223	1,342,623	858,394
5 Curtailment Cost/ Settlement Cost	-	-	-	-
6 Benefit payments	(547,513)	(768,678)	(151,722)	(116,694)
7 Actuarial (Gain)/ Loss on obligation	(1,480,604)	(524,334)	(786,579)	(327,421)
8 Present value of Obligation at the end of the year	17,682,923	15,469,620	3,339,895	2,715,609

iv) Fair value & changes in fair value of Plan Assets during the year ended 31st March, 2014:

Gratuity & Leave encashment obligations are not funded

v) Actuarial Assumption

Particulars	As on 31st March, 2014	As on 31st March, 2013
1 Discount Rate	9.10%	8.10%
2 Salary Escalation Rate	7.00%	7.00%
3 Expected Rate of Return on Plan Assets	-	-
4 Mortality	Indian Assured Lives Mortality (2006-2008) 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, 2014

(Amount in ₹)

	Year ended 31.03.2014		Year ended 31.03.2013	
Note 27 FINANCE COSTS				
a. Interest Expense		122,184,657		74,185,918
b. Other borrowing costs		25,442,627		27,470,057
c. Net Loss on foreign currency transactions and translations		10,976,525		894,502
TOTAL		158,603,809		102,550,477

	Year ended 31.03.2014		Year ended 31.03.2013	
Note 28 DEPRECIATION AND AMORTIZATION EXPENSES				
a. Depreciation		124,983,657		114,013,469
b. Amortization		634,673		626,891
TOTAL		125,618,330		114,640,360

	Year ended 31.03.2014		Year ended 31.03.2013	
Note 29 OTHER EXPENSES				
A. Manufacturing Expenses:				
a. Consumption of Stores & Spares		120,318,930		99,858,925
b. Power and Fuel		387,944,202		317,381,763
c. Processing Charges		59,713,599		70,921,920
d. Excise Duty*		928,787		-
e. Repairs to:				
- Machinery	15,937,181		14,807,012	
- Building	11,646,493		2,895,981	
- Others	2,385,002	29,968,676	2,097,780	19,800,773
TOTAL (A)		598,874,194		507,963,381

* Represents excise duty related to closing stocks

B. Administrative Expenses:				
a. Rent		5,186,136		5,648,632
b. Insurance		6,063,604		4,611,265
c. Rates and Taxes		758,869		703,379
d. Travelling and Conveyance		7,795,100		5,840,383
e. Printing and Stationery		2,838,370		2,545,763
f. Postage and Telephones		4,025,268		4,215,947
g. Payments to the Auditors as:				
- Audit Fee	365,170		337,080	
- For Tax / Vat Audit	101,124		73,034	
- For Certification	85,732		59,217	
- For reimbursement of expenses	5,618	557,644	5,618	474,949

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	Year ended 31.03.2014		Year ended 31.03.2013	
Note 29 OTHER EXPENSES (contd.)				
h. Cost Auditors' Remuneration:				
- Audit Fee	53,371		60,674	
- For reimbursement of expenses	11,427	64,798	-	60,674
i. Listing Fees		179,162		72,944
j. Directors' Sitting Fee		140,443		163,596
k. Vehicle Running and Maintenance		6,576,991		5,720,032
l. Legal and Professional Charges		6,633,660		3,653,690
m. Filing Fees		20,039		16,244
n. Miscellaneous Expenses		8,488,167		9,322,645
o. Premium on Forward Exchange amortised		2,279,641		7,200,380
p. Prior period Items (Net)		(20,584)		755,147
q. Provision for Doubtful Debts Written Back		(364,007)		(1,180,022)
r. Provision for Doubtful Debts/ Advances		1,780,825		3,674,744
s. Loss on fixed assets sold/ discarded		128,558		11,616,940
t. Lease Rent		141,575		143,930
TOTAL (B)		53,274,259		65,261,262
C. Selling Expenses:				
a. Freight and Forwarding charges		128,235,292		126,076,882
b. Other Selling & Distribution Expenses		13,144,930		14,626,086
TOTAL (C)		141,380,222		140,702,968
TOTAL (A+B+C)		793,528,675		713,927,611

(Amount in ₹)

	2013-14		2012-13	
Note 30 EARNINGS PER SHARE				
Profit attributable to Equity Shareholders for Basic & Diluted EPS		245,184,576		239,364,736
Less: a) Tax adjustments for earlier years	1,198,200		1,423,424	
b) Mat Credit (recognition)/ reversal for earlier years	(10,313,111)		1,919,447	
c) Tax on Preference Dividend	42,488	(9,072,423)	301,275	3,644,146
Net Profit attributable to Equity Shareholders		254,256,999		235,720,590
Weighted average number of Equity Shares for Basic and Diluted Earnings per share (Numbers)		15,186,000		15,186,000
Nominal Value per Equity Share (₹)		10		10
Earnings per share				
- Basic		16.74		15.52
- Diluted		16.74		15.52

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

		2013-14		2012-13	
		Value (₹)	Percentage of total consumption	Value (₹)	Percentage of total consumption
Note 31	IMPORTED AND INDIGENEOUS RAW MATERIALS AND STORES & SPARES CONSUMED				
(including trial run consumption)					
a. Raw Material					
	- Imported	514,919,346	13.68	191,102,389	6.73
	- Indigeneous	3,250,211,564	86.32	2,647,894,610	93.27
		3,765,130,910	100.00	2,838,996,999	100.00
b. Stores & Spares					
	- Imported	20,467,707	15.66	15,314,364	15.34
	- Indigeneous	110,241,696	84.34	84,544,561	84.66
		130,709,403	100.00	99,858,925	100.00
(Amount in ₹)					
		2013-14		2012-13	
Note 32	CIF VALUE OF IMPORTS				
	Raw Materials/ Traded Goods	480,160,349		175,959,545	
	Stores & Spares	19,155,771		13,873,809	
	Capital Goods	432,449,376		168,699,296	
Note 33	EXPENDITURE IN FOREIGN CURRENCY				
	Travelling	715,342		1,272,666	
	Commission	262,948		950,755	
	Interest	14,833,542		13,843,227	
	Miscellaneous	1,575		-	
Note 34	EARNINGS IN FOREIGN CURRENCY				
	F.O.B. Value of Exports	413,223,495		566,341,980	
Note 35	PRE-OPERATIVE EXPENSES				
(relating to Expansion/ Greenfield Projects and included in Capital Work in progress)					
	Opening Balance	94,966,307		9,134,639	
	Add: a) Raw Material Consumed	464,285,162		-	
	b) Employee benefits expense	40,650,345		6,574,073	
	c) Depreciation/ Amortization expense	585,559		376,854	
	d) Other Expenses	109,673,963		7,558,680	
	e) Finance costs	81,321,930	696,516,959	71,322,061	85,831,668
		791,483,266		94,966,307	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

	2013-14		2012-13	
Note 35 PRE-OPERATIVE EXPENSES (contd.)				
Less: a) Sale of Finished Goods	580,575,148		-	
b) Other Income	2,590,805		-	
c) Inventory :				
- Finished Goods	78,533,683		-	
- Work in Progress	23,096,021	684,795,657	-	-
Total		106,687,609		94,966,307
Less: Allocation to Fixed Assets		72,979,058		-
Closing Balance		33,708,551		94,966,307

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 demarkation):

(Amount in ₹)

	2013-14	2012-13
Revenue from Operations (net of excise duty):		
- Domestic (Within India)	4,558,199,813	3,766,951,101
- Export	436,569,037	585,941,629
TOTAL	4,994,768,850	4,352,892,730

Note 37 RELATED PARTY DISCLOSURES

37.1 Names of related parties & description of relationship:

A. Key Management Personnel

- | | |
|-------------------------------|--------------------------------|
| 1. Mr. Shyam Sunder Sharmma | Chairman cum Managing Director |
| 2. Mr. Vishnu Dutt Khandelwal | Executive Vice Chairman |
| 3. Mr. Sharad Sharma | Joint Managing Director |
| 4. Mr. Rajesh Sharma | Executive Director |
| 5. Mr. Gopal Singh Shekhavat | Director (Administration) |

B. Relatives of Key Management Personnel:

- | | |
|---------------------------|-------------------------------------|
| 1. Mrs. Vimal Sharma | Wife of Shri Shyam Sunder Sharmma |
| 2. Mrs. Nirmal Khandelwal | Wife of Shri Vishnu Dutt Khandelwal |
| 3. Mrs. Seema Sharma | Wife of Shri Sharad Sharma |
| 4. Mrs. Ratna Sharma | Wife of Shri Rajesh Sharma |
| 5. Mr. Sandeep Khandelwal | Son of Shri Vishnu Dutt Khandelwal |
| 6. Mr. Yash Sharma | Son of Shri Sharad Sharma |

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

- Sandeep Yarns Pvt. Ltd.
- GPL Finance Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

Note 37 RELATED PARTY DISCLOSURES (contd.)

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	15,520,000 (29,500,000)	- (-)	- (-)
Salary	- (-)	1,005,000 (900,000)	- (-)
Reimbursement of Expenses	76,657 (781,618)	367 (11,185)	- (-)
Interest paid	3,074,931 (438,931)	214,020 (60,683)	202,097 (547,029)
Interest Received	92,347 (-)	- (-)	- (-)
Unsecured Loan/Fixed Deposit Accepted	34,600,000 (17,075,000)	1,707,000 (1,145,000)	3,500,000 (41,250,000)
Unsecured Loan/Fixed Deposit Repaid	10,622,409 (11,368,945)	865,000 (585,000)	- (42,325,056)
Loans & Advances given	- (-)	- (-)	- (-)
Loans & Advances received back*	234,857 (-)	- (-)	- (-)
Money received against Share Warrants	- (-)	7,568,000 (-)	- (-)
ii) Amount Outstanding at Balance Sheet date			
Unsecured Loans/Fixed Deposits Outstanding	39,250,000 (15,272,409)	1,987,000 (1,145,000)	3,500,000 (-)
Loans & Advances Receivable	877,550 (-)	- (-)	- (-)
Amounts Payable	1,137,970 (1,476,768)	137,038 (145,210)	172,202 (-)

*Loan was given to a Director prior to his appointment as Director.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

(Amount in ₹)

		As at 31.03.2014		As at 31.03.2013	
Note	38	CONTINGENT LIABILITIES AND COMMITMENTS			
		(to the extent not provided for)			
	i) Contingent Liabilities				
	a) Bills Discounted under Letters of Credit and outstanding		87,246,962		58,121,917
	b) Claims against the Company not acknowledged as debt		2,205,938		1,980,303
	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		1,557,031
	- RTO Tax liability in respect of Company's old vehicle		-		552,960
	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)		66,695,616		421,851,093
	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)		207,233,062		104,600,320

Note 39 FINANCIAL & DERIVATIVES INSTRUMENTS

Value of Forward Contracts entered into by the Company for hedging foreign currency risks and outstanding as on 31st March, 2014 amounting to ₹39,207,720 (Previous Year ₹38,091,248)

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or forward contracts as at 31st March, 2014 amounting to ₹466,158,454 (Previous Year ₹207,832,014).

Note 40 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2014 (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: 30th May, 2014

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Finance Officer

“Change is not a threat,
it’s an opportunity.
Survival is not the goal,
transformative success is.”

Seth Godin



GANESHA ECOSPHERE LTD.

CIN No.: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)

E-mail: gesl@ganeshaecosphere.com • Website: www.ganeshaecosphere.com • Tel. No.: 0512-2555504-06 • Fax No.: 0512-2555293

NOTICE

NOTICE is hereby given that the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Members of GANESHA ECOSPHERE LTD. will be held on Monday, the 29th day of September, 2014 at 3:00 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 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 confirm the payment of the Interim Dividend on Cumulative Redeemable Preference Shares (Series I) and to declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Vishnu Dutt Khandelwal (DIN: 00383507), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules made thereunder, M/s. Mehrotra Rakesh Kumar & Co., Chartered Accountants, (ICAI Registration No. 002978C) be and are hereby re-appointed as Statutory Auditors of the Company for a term of 3 (Three) years, to hold office from the conclusion of this Annual General Meeting until the conclusion of the 28th (Twenty Eighth) Annual General Meeting of the Company to be held in the calendar year 2017, subject to the ratification of appointment by the members at every Annual General Meeting held after this Annual General Meeting on a remuneration as may be fixed for each Financial year by the Board of Directors of the Company in consultation with the Audit Committee."

SPECIAL BUSINESS:

5. To accord consent to Shri Shyam Sunder Sharmma (DIN: 00530921) to continue to hold the office of Managing Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 152, 196 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to Shri Shyam Sunder Sharmma (DIN: 00530921), Managing Director of the Company, to continue to hold the office of Managing Director of the Company, for the remaining period of his tenure i.e. upto 17th September, 2015."

"RESOLVED FURTHER THAT the terms and conditions including remuneration of Shri Shyam Sunder Sharmma, Managing Director shall remain unaltered as approved by the shareholders vide special resolution dated 18th September, 2010."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To re-appoint Shri Sharad Sharma (DIN: 00383178) as Joint Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Sharad Sharma (DIN: 00383178) as Joint Managing Director of the Company, for a period of five years with effect from 1st February, 2014 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 Joint Managing Director shall be entitled to the perquisites like furnished accommodation or House Rent Allowance in lieu thereof, together with reimbursement of expenses for utilisation of gas, electricity, water, reimbursement of medical expenses, leave travel concession for self and family including dependents, club fees, premium towards personal accident insurance and 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 Joint Managing Director.

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

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

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

II. The Joint Managing 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 Joint Managing 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 Joint Managing Director."

"RESOLVED FURTHER THAT where in any financial year during the currency of term of Joint Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Joint Managing Director, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of Schedule V to the Companies Act, 2013 (corresponding to 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 Sharad Sharma from time to time, during the tenure of his appointment as Joint Managing 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 V and all other applicable provisions of the Companies Act, 2013."

"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."

7. **To appoint Shri Anoop Gupta (DIN:00153340) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Anoop Gupta (DIN:00153340), Independent Director of the Company, who retires by rotation at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

8. **To appoint Shri Surendra Kumar Kabra (DIN: 01280980) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Surendra Kumar Kabra (DIN: 01280980), Independent Director of the Company, who retires by rotation at the ensuing Annual General Meeting and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

9. **To appoint Shri Vishwa Nath Chandak (DIN: 00313035) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Vishwa Nath Chandak (DIN: 00313035), Independent Director of the Company, whose term of office is liable to retirement by rotation and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

10. **To appoint Shri Pradeep Kumar Goenka (DIN:00404746) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Pradeep Kumar Goenka (DIN: 00404746), Independent Director of the Company, whose term of office is liable to retirement by rotation and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

11. **To appoint Shri Abhilash Lal (DIN: 03203177) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013

and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Abhilash Lal (DIN: 03203177), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

12. To appoint Shri Narayanan Subramaniam (DIN: 00166621) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement, Shri Narayanan Subramaniam (DIN: 00166621), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and is eligible for appointment and in respect of whom the Company has received a Notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not subject to retirement by rotation, to hold office for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting upto the conclusion of the 30th Annual General Meeting of the Company to be held in the calendar year 2019."

13. To accord consent to borrow money and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the Ordinary Resolution passed by the members at the 22nd Annual General Meeting of the Company held on 28th day of September, 2011 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee thereof which the Board may constitute to exercise its powers conferred by this resolution) to borrow any sum or sums of money from time to time at their discretion, for the purpose of business of the Company, with or without security and on such other terms and conditions as the Board at its sole and absolute discretion may deem fit, notwithstanding that the money or moneys to be borrowed together with moneys already borrowed by the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, may exceed at any time the aggregate of the paid up share capital and free reserves of the Company, provided however, that the total amount so borrowed shall not exceed ₹750,00,00,000/- (Rupees Seven Hundred Fifty Crores only)."

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

14. To accord consent for mortgaging/ charging properties/ assets and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the Ordinary Resolution passed by the members at the 22nd Annual General Meeting of the Company held on 28th day of September, 2011 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging, hypothecating and / or charging, on such terms and conditions, at such time or times and in such form and manner as it may think fit, of all or any of the assets or properties of the Company, movable or immovable, both present and future wherever situate, including the whole or substantially the whole of the undertaking(s) of the Company and/ or with power to enter upon and take possession of the assets of the Company in certain events, in favour of Banks, Financial Institutions, Corporate Bodies and other entities for securing the Loans or other Borrowings obtained or to be obtained by the Company upto an amount not exceeding in aggregate a sum of ₹750,00,00,000/- (Rupees Seven Hundred Fifty Crores only) together with interest, cost, charges, expenses and any other money payable by the Company to the said Banks, Financial Institutions, Corporate Bodies or entities."

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

15. To approve issue of Compulsorily Convertible Preference Shares on preferential allotment basis and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 42, 55 and 62 of the Companies Act, 2013, as amended from time to time (hereinafter referred to as the 'Act') and the Rules made there under and in terms of the Subscription Agreement entered into by inter-alia the Company with MCAP India Fund Ltd. on 14th August, 2014 ("Subscription Agreement") and other applicable laws including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and the Regulations for preferential issue of shares as contained in Chapter VII 'Preferential Issue' of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be modified or re-enacted from time to time, the Foreign Exchange Management Act, 2000 and all other applicable regulations framed there under, other applicable rules, notifications, guidelines and circulars issued by various Authorities, as may be applicable and as amended till date and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and/ or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot 31,07,500 (Thirty One Lacs Seven Thousand Five Hundred) Compulsorily Convertible Preference Shares ("CCPS") of ₹100/- each aggregating to ₹31,07,50,000/- (Rupees Thirty One Crores Seven Lacs Fifty Thousand only), convertible into 27,50,000 (Twenty Seven Lacs Fifty Thousand Only) Equity Shares of ₹10/- each of the Company at a price of ₹113/- per Equity Share (including premium of ₹103/- per Share) at any time within 12 months from the date of subscription of CCPS, to MCAP India Fund Ltd. (an entity not belonging to the Promoter/ Promoter Group, herein after referred to as the 'Investor' and described in the Explanatory Statement annexed hereto which

shall be deemed to be a part hereof), on preferential allotment basis, and such CCPS so issued or allotted shall give rise, upon conversion to allotment of Equity Shares of an aggregate face value not exceeding ₹2,75,00,000/- (Rupees Two Crores Seventy Five Lacs only) and the issue of Equity Shares upon conversion shall be upon the terms and conditions of the Subscription Agreement subject to the relevant applicable law in force at the time of issue of such Equity Shares."

"RESOLVED FURTHER THAT in accordance with the provisions of Section 43 and 55 of the Act and the Companies (Share Capital and Debentures) Rules, 2014, the CCPS shall:

- carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and in case of a winding up, of repayment of capital;
- be non-participating in the surplus funds;
- be paid dividend @ 12% p.a. (i.e. ₹12/- per share) on a non-cumulative basis;
- be convertible into Equity Shares of the Company within a period of 12 months from date of issue/ allotment;
- carry voting rights as per the provisions of Section 47(2) of the Act and the Subscription Agreement;
- not be redeemed but shall be convertible as per the terms of the Subscription Agreement."

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

"RESOLVED FURTHER THAT in accordance with SEBI (ICDR) Regulations, 2009, the "Relevant Date" for the purpose of computing the Price for issue and allotment of Equity Shares shall be 28th August, 2014."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue and allot requisite number of Equity Shares to the said Investor upon conversion."

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

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

16. To approve issue of Warrants on preferential allotment basis and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 42 and 62 of the Companies Act, 2013, as amended from time to time (hereinafter referred to as the 'Act') and the Rules made there under and in terms of the Subscription Agreement entered into by inter-alia the Company with MCAP India Fund Ltd. on 14th August, 2014 ("Subscription Agreement") and other applicable laws including any statutory modification(s) or re-enactment thereof for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and the Regulations for preferential issue of shares as contained

in Chapter VII 'Preferential Issue' of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be modified or re-enacted from time to time, the Foreign Exchange Management Act, 2000 and all other applicable regulations framed there under, other applicable rules, notifications, guidelines and circulars issued by various Authorities, as may be applicable and as amended till date and subject to all necessary approvals, permissions and sanctions as may be required from any Governmental or regulatory authority and/ or all other Institutions and bodies and subject to such condition(s) and modification(s) as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution), the consent and approval of the Company be and is hereby accorded to the Board to create, offer, issue and allot 2,50,000 (Two Lacs Fifty Thousand) Warrants from time to time or in one or more tranche or tranches, each Warrant entitling the holder thereof to apply for and to be allotted One Equity Share of ₹10/- each of the Company at a price of ₹113/- per Equity Share (including premium of ₹103/- per share) at any time, during such period as may be decided by the Board in accordance with the applicable guidelines and regulations issued by the concerned Authorities, to MCAP India Fund Ltd. (an entity not belonging to the Promoter/ Promoter Group, herein after referred to as the 'Investor' and described in the Explanatory Statement annexed hereto which shall be deemed to be a part hereof) on preferential allotment basis and such Warrants so issued or allotted shall give rise upon exercise of right to allotment of Equity Shares of an aggregate face value not exceeding ₹25,00,000/- (Rupees Twenty Five Lacs only) and the issue of Equity Shares upon exercise of right attached to Warrants shall be upon the terms and conditions of the Subscription Agreement subject to the relevant applicable law in force at the time of issue of such Equity Shares."

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

"RESOLVED FURTHER THAT in accordance with SEBI (ICDR) Regulations, 2009, the "Relevant Date" for the purpose of computing the Price for issue and allotment of Equity Shares shall be 28th August, 2014."

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

"RESOLVED FURTHER THAT the aforementioned issue of Warrants shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the option of the Warrant holder) at any time, in one or more tranches, within a period of 18 months from the date of allotment of Warrants.
2. The Warrant holder shall on or before the date of allotment of Warrants, pay an amount equivalent to 25% of the total consideration per Warrant.
3. The amount referred in (2) above shall be forfeited, if the option to acquire shares is not exercised within a period of 18 months from the date of allotment of Warrants.
4. The Warrant holder shall on or before the date of conversion of Warrants into Equity Shares pay balance 75% of the consideration applicable with respect to the number of Warrants converted.
5. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the provisions of the Companies Act and the SEBI ICDR Regulations, as may be requisite and for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.

6. The lock in requirements shall be made applicable (a) On the issue and allotment of Warrants and (b) Conversion of Warrants into Equity Shares as per the SEBI (ICDR) Regulations, 2009 and as per the mandate of the Stock Exchange, if any.

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

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

17. To approve issue of further share capital by way of Private Placement/ QIP etc. and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any amendments thereto or re-enactment thereof, for the time being in force, the “Companies Act”), the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges where Equity Shares of the Company are listed and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI ICDR Regulations”), the provisions of the Foreign Exchange Management Act, 1999, (“FEMA”) and rules and regulations framed there under as amended from time to time and subject to other applicable rules, regulations and guidelines issued by the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”), the Government of India (“Gol”), the Stock Exchanges and / or any other competent authorities from time to time to the extent applicable, and subject to such approvals, permissions, consents and sanctions as may be necessary from SEBI, Stock Exchanges, RBI, Gol and any other authorities as may be required in this regard and further subject to such terms and conditions or modifications as may be prescribed or imposed by any of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent of the members be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), with or without green shoe option, such number of equity shares of the Company of face value ₹10/- each (“Equity Shares”), Global Depository Receipts (“GDRs”), American depository receipts (“ADRs”), Foreign Currency Convertible Bonds (“FCCBs”), fully convertible debentures/partly convertible debentures, preference shares convertible into Equity Shares, and/or any other financial instruments convertible into Equity Shares (including warrants, or otherwise, in registered or bearer form) and/or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (all of which are hereinafter collectively referred to as “Securities”) or any combination of Securities, in one or more tranches, whether Rupee denominated or denominated in foreign currency, in one or more foreign markets and/or

domestic market, by way of one or more public and/or private offerings, Qualified Institutions Placement (“QIP”) and/or on preferential allotment basis or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including Qualified Institutional Buyers (“QIBs”) in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/ or multilateral financial institutions, mutual funds, non-resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the “Investors”) as may be decided by the Board in its discretion and permitted under applicable laws and regulations, for an aggregate amount not exceeding ₹100 Crore (Rupees One hundred Crore) or equivalent thereof, in one or more foreign currency and/or Indian rupees, inclusive of such premium as may be fixed on such Securities by offering the Securities at such time or times, at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) appointed and / or to be appointed by the Company (the “Issue”).”

“RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (b) the Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects.”

“RESOLVED FURTHER THAT if any issue of Securities is made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as “Eligible Securities” within the meaning of the SEBI ICDR Regulations), the allotment of the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time.”

“RESOLVED FURTHER THAT any issue of Eligible Securities made by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations (the “QIP Floor Price”). The Company may, however, in accordance with applicable law, also offer a discount of not more than 5% (Five Percentage) or such percentage as permitted under applicable law on the QIP Floor Price. ”

“RESOLVED FURTHER THAT in the event that Equity Shares are issued to QIBs by way of a QIP in terms of Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares.”

“RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993, (including any amendments thereto or re-enactment thereof, for the time being in force) and other applicable pricing provisions issued by the Ministry of Finance.”

"RESOLVED FURTHER THAT the Issue to the holders of the Securities, which are convertible into or exchangeable with equity shares at a later date shall be, inter alia, subject to the following terms and conditions:

- (a) in the event the Company is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;
- (c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares, Securities, non-convertible debentures or instruments representing the same, as described above, the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and/or GDRs on the Stock Exchanges in India."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint lead manager(s), underwriters, depositories, custodians, registrars, bankers, lawyers, advisors and all such agencies as are or may be required to be appointed, involved or concerned in the Issue and to remunerate them by way of commission, brokerage, fees or the like and also to reimburse them out of pocket expenses incurred by them and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc., with such agencies."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for the Issue and to resolve and settle all questions, difficulties or doubts that may arise in regard to such Issue, including the finalization and approval of the draft as well as final offer document(s), determining the form and manner of the Issue, finalization of the timing of the Issue, identification of the investors to whom the Securities are to be offered, determining the issue price, face value, premium amount on issue/conversion of the Securities, if any, rate of interest, execution of various transaction documents, signing of declarations, creation of mortgage/ charge, utilization of the issue proceeds, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of directors or any director(s) or any other officer(s) of the Company in such manner as they may deem fit in their absolute discretion."

18. To consider Increase in the Authorised Share Capital of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Authorised Share Capital of the Company comprising of 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of ₹10/- (Rupees Ten) each and 4,50,000 (Four Lacs Fifty Thousand) Preference Shares of ₹100/- (Rupees One Hundred) each aggregating to ₹28,50,00,000/- (Rupees Twenty Eight Crores Fifty Lacs only) be and is hereby increased to ₹55,50,00,000/- (Rupees Fifty Five Crores Fifty Lacs only) by creation of further 27,00,000 (Twenty Seven Lacs) Preference Shares of ₹100/- (Rupees One Hundred) each so as to comprise of 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of ₹10/- (Rupees Ten) each and 31,50,000 (Thirty One Lacs Fifty Thousand) Preference Shares of ₹100/- (Rupees One Hundred) each."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

19. To consider alteration of the Capital Clause in the Memorandum of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13 read with Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V:

V. The Authorised Share Capital of the Company is ₹55,50,00,000/- (Rupees Fifty Five Crores Fifty Lacs only) divided into 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of ₹10/- (Rupees Ten) each and 31,50,000 (Thirty One Lacs Fifty Thousand) Preference Shares of ₹100/- (Rupees One Hundred) each."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

20. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and the Subscription Agreement and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Date: 30th August, 2014.

By Order of the Board

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

(Bharat Kumar Sajnani)
Company Secretary

NOTES

- 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.
- A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY IN NUMBER AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- 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.
- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business under Item Nos. 5 to 20 as set out above is annexed hereto.
- The Register of Members and Share Transfer books of the Company shall remain closed from Tuesday, 23rd September, 2014 to Monday, 29th September, 2014 (both days inclusive).
- The Dividend on Equity Shares, as recommended by Board of Directors, subject to the provisions of Section 126 of the Companies Act, 2013, if approved by the Members at the Annual General Meeting, will be paid to those Members:-
 - whose names appear as 'Beneficial Owners' as at the end of the business hours on 22nd September, 2014 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
 - 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 22nd September, 2014, in respect of Shares held in physical form.
- 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.
- 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.
- 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.
- Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
- 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.
- 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.
- 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.
- 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.
- 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.
- Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts [as referred to in section 205C(2)] lying with the Company as on 11th September, 2013 (date of the last Annual General Meeting of the Company) on the website of the Ministry of Corporate Affairs viz. <http://www.iepf.gov.in>. The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the said website and lodge their claim with the Company's Registrar and Transfer Agents, M/s Skyline Financial Services Private Limited, before the same is due for transfer to the IEPF.
- In terms of section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the listed companies may send the notice of annual general meeting and the annual report, including Financial statements, Board Report, etc. by electronic mode. The Company is accordingly forwarding soft copies of the above referred documents to all those members who have registered their email ids with their respective depository participants or with the share transfer agent of the Company. For members who request for a hard copy and for those who have not registered their e-mail addresses, physical copies are being sent through the permitted mode.

18. The annual report and the Notice of the 25th AGM will also be available on the Company's website www.ganeshaecosphere.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours.
19. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register/update the same in respect of equity shares held by them in demat form with their respective DP and in the case of physical form with the Company or its RTA on admin@skylinerta.com.
20. 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 prescribed Form SH-13 for nomination and Form SH-14 for cancellation/variation in nomination already made, as the case may be. The Forms will be sent by the Company/RTA upon such request. Members holding shares in demat mode may contact their respective Depository Participant (DP) for availing this facility.
21. Non-Resident Indian Members are requested to inform immediately:
- Change in their residential status on return to India for permanent settlement.
 - 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.

22. Voting through electronic means:

In terms of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the listing agreement, the Company is providing its members the facility to exercise votes by electronic means (e-voting) in respect of the any or all of the resolutions contained in this notice. Necessary arrangements have been made by the Company with NSDL to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in-person at the General Meeting. Members are requested to carefully read the instructions for e-voting before casting their vote.

The e-voting facility will be available during the following voting period:

Commencement of e-voting: From 10:00 A.M. on September 22, 2014

End of e-voting: Up to 6:00 P.M. on September 24, 2014

The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on **Friday 29th August, 2014 (i.e. the cut-off date)**.

Instructions relating to e-voting are as under:

- A. A shareholder who receives e-mail from NSDL [for shareholders whose e-mail IDs are registered with the RTA/Depository Participant (s)] is requested to:**
- Open e-mail and open PDF file viz; "GESL_e-voting.pdf" with his/her Client ID or Folio No. as password. The said PDF file contains his/her user ID and password/PIN for e-voting. Shareholders may please note that the password is an initial password.
 - Launch Internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - Click on Shareholder-Login.
 - Put userID and initial password/PIN noted in step (i) above. Click Login.

- Password change menu appears. Change the password/PIN with new password of his/her choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
- Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
- Select "EVEN" of Ganesha Ecosphere Ltd.
- Now the shareholder is ready for e-voting as Cast Vote page opens.
- Shareholder may cast his/her vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- Once the shareholder has voted on the resolution, he/she will not be allowed to modify his/her vote.
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sk_gupta1@rediffmail.com with a copy marked to evoting@nsdl.co.in

B. In case a shareholder receives physical copy of the E-Voting form alongwith the Notice of AGM [for shareholders whose e-mail IDs are not registered with the RTA/Depository Participant(s) or requesting physical copy]:

- Initial password is provided hereinabove.
- Please follow all steps from Sl. No. (ii) to Sl. No. (xii) of item (A) above, to cast vote.
- In case of any queries, the shareholder may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting@nsdl.co.in
- If the shareholder is already registered with NSDL for e-voting then he/she can use his/her existing user ID and password/PIN for casting his/her vote.
- Shareholder can also update his/her mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

C. General Instructions:

- The Shareholders can opt for only one mode of voting, i.e. either physically by attending ensuing AGM or e-voting. If any shareholder opts for e-voting, he/she will not be eligible to vote physically in AGM.
- Mr. S. K. Gupta, Practicing Company Secretary (Membership No. F2589 and Certificate of Practice No.-1920) of M/s. S.K. Gupta & Co., Company Secretaries, has been appointed as the Scrutinizer by the Company to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and submit Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Meeting.

The Results shall be declared at the General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website: www.ganeshaecosphere.com and on the website of NSDL within two (2) days of passing of the resolutions at the General Meeting of the Company and communicated to the BSE Limited.

23. The relevant details in respect of Item Nos. 3 and 6 to 12 pursuant to Clause 49 of the Listing Agreement are as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT:

Particulars	Shri Vishnu Dutt Khandelwal	Shri Sharad Sharma	Shri Anoop Gupta
Date of Birth	6th March, 1949	30th May, 1966	5th January, 1958
Date of Appointment	30th October, 1987	8th April, 1992	26th May, 2012
Qualification	M. Com	B.Com.	Chartered Accountant & Cost Accountant
Expertise in specific functional area	Having experience of over 41 years in trading of different types of Textile Yarns. Also has rich experience in the field of Accounting and Financial Management.	Having more than 27 years experience in marketing and distribution. Engaged with the Company since 1992.	Corporate Financial Management
Chairman/ Director of other Companies (excluding foreign Companies)	Sandeep Yarns (P) Ltd.	NIL	<ul style="list-style-type: none"> ▶ CMCL Commercial Plaza Pvt. Ltd. ▶ Concept Capital Solutions Ltd. ▶ Concept International Business Consulting Pvt. Ltd. ▶ Concept Entrepreneurial Consulting Pvt. Ltd. ▶ Concept Management Consulting Ltd. ▶ Concept Powercon Projects Pvt. Ltd. ▶ Concept Volop Securities Pvt. Ltd. ▶ Conjure Arts and Media Pvt. Ltd. ▶ Integrated Home Solutions Pvt. Ltd. ▶ Koyela Thermal Power Pvt. Ltd. ▶ PLUS BKSP TOLL Ltd . ▶ Powercon Projects and Associates 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.	9,20,200 Equity Shares of ₹10/- each	10,75,583 Equity Shares of ₹10/- each.	NIL

Particulars	Shri Surendra Kumar Kabra	Shri Vishwa Nath Chandak	Shri Pradeep Kumar Goenka
Date of Birth	4th April, 1944	7th September, 1937	15th September, 1954
Date of Appointment	19th July, 1994	28th February, 2009	29th July, 2006
Qualification	B.Com, LL.B, FCA	M. Com, LL.B	Chartered Accountant
Expertise in specific functional area	Having 46 years experience in textile industry. Had been Managing Director for over 11 years in Shree Manufacturing Company Ltd.	Experience of over 38 years as a Senior President in Eastern Spinning Mills & Industries Ltd.	Having a rich professional experience of over 38 years in the field of finance and related consultancy services.
Chairman/ Director of other Companies (excluding foreign Companies)	<ul style="list-style-type: none"> ▶ Astha Textile Company Pvt Ltd. ▶ Jyothisheel Textile Company Pvt. Ltd. ▶ Sheelendra Industries Ltd. 	<ul style="list-style-type: none"> ▶ Astha Business Pvt. Ltd. ▶ Eastern Textiles (P) Ltd. ▶ Wellman Polyfibre Products (P) Ltd. 	<ul style="list-style-type: none"> ▶ Frontier Springs Ltd. ▶ Kanpur Plastipack Ltd. ▶ Abhyuday Infrastructure Ltd. ▶ Abhyuday Industrial Consultants (P) Ltd. ▶ Hiltech Education (P) Ltd. ▶ Motilal Padampat Udyog (P)Ltd.
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	NIL	NIL	<p>FRONTIER SPRINGS LTD. Audit Committee - Chairman Shareholders and Investors Grievance Committee- Member</p> <p>KANPUR PLASTIPACK LTD. Audit Committee - Member Shareholders and Investors Grievance Committee- Chairman</p>
Shareholding in Ganesha Ecosphere Ltd.	NIL	NIL	NIL

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

Particulars	Shri Abhilash Lal	Shri Narayanan Subramaniam
Date of Birth	16th October, 1964	2nd August, 1961
Date of Appointment	29th September, 2014 (Proposed)	29th September, 2014 (Proposed)
Qualification	Post Graduate in Management	Chartered Accountant, Cost & Management Accountant and Company Secretary
Expertise in specific functional area	Having experience of more than 24 years in all aspects of financial services including banking, consulting, insurance, investments, advisory etc. Had worked with HSBC for more than 11 years.	Doyen in Private Equity in India. Having rich experience in funding start-ups as well as Control transactions in listed entities. Has served on the Board of several companies with distinction.
Chairman/ Director of other Companies (excluding foreign Companies)	<ul style="list-style-type: none"> ▶ RSA Corporate Consultants Pvt. Ltd. ▶ APL Apollo Tubes Ltd. ▶ Omkar Clean Energy Services Pvt. Ltd. ▶ MCap Fund Advisors Pvt. Ltd. 	<ul style="list-style-type: none"> ▶ Nucleus Software Exports Limited ▶ L & T Finance Limited ▶ NS Equity Advisors Private Limited ▶ Omkar Clean Energy Services Pvt. Ltd. ▶ Nucleus Software Australia Pty. Ltd. ▶ MCap Fund Advisors Pvt. Ltd.
Chairman/ Member of Committee of the Board of other Companies of which he is a Director	NIL	NUCLEUS SOFTWARE EXPORTS LIMITED Audit Committee - Chairman
Shareholding in Ganesha Ecosphere Ltd.	NIL	NIL

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

The Members at the 21st Annual General Meeting of the Company held on 18th September, 2010, approved the appointment of Shri Shyam Sunder Sharma as Managing Director of the Company for a period of five years with effect from 18th September, 2010 and his term of appointment expires on 17th September, 2015. Section 196 of the Companies Act, 2013 (the 'Act'), inter-alia, provides that no company shall appoint or continue the employment of any person as Managing Director, who has attained the age of 70 years, unless his appointment is approved by a special resolution. As Shri Shyam Sunder Sharma has attained the age of 71 (seventy one) years as on the commencement of 'the Act', it is intended to seek approval of the members by way of special resolution, for his continuance of office as Managing Director in compliance with the relevant provisions of the Act. He is founder and instrumental in bringing the Company to the present stage and he is fit enough to discharge his duties and managerial responsibilities.

The Board accordingly commends the Special Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

Except Shri Shyam Sunder Sharma himself, Shri Vishnu Dutt Khandelwal, Shri Sharad Sharma and Shri Rajesh Sharma, being related to him, none of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 5 of the Notice.

Item No. 6:

The Members at the 20th Annual General Meeting of the Company held on 24th September, 2009, approved the re-appointment of Shri Sharad Sharma as Joint Managing Director of the Company for a period of five years with effect from 1st February, 2009 and his term of appointment expired on 31st January, 2014. Considering the experience and valuable contribution made by Shri Sharad Sharma, the Board of Directors of the Company at its meeting held on 13th February, 2014, subject to the approval of members, re-appointed Shri Sharad Sharma as Joint Managing Director of the Company, for further period of 5 (five) years w.e.f. 1st February, 2014. The terms and conditions of his re-appointment are in accordance with the provisions of Schedule V to the Companies Act, 2013 (corresponding to Schedule XIII to the Companies Act, 1956) and have been approved by the Board as recommended by the Remuneration Committee of the Board.

Shri Sharad Sharma satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Except Shri Sharad Sharma himself, Shri Shyam Sunder Sharma, Shri Rajesh Sharma and their relatives, being related to him, none of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

The resolution along with accompanying Explanatory Statement may be treated as a written memorandum setting out the terms of re-appointment of Shri Sharad Sharma within the meaning of Section 190 of the Companies Act, 2013.

Item No. 7 & 8:

As per Section 149(5) of Companies Act, 2013 the Company is required to appoint Independent Directors within a period of one year from 01.04.2014 i.e. the date of commencement of the said section and Rules made thereunder. Since the Company had appointed Shri Anoop Gupta and Shri Surendra Kumar Kabra, as Non-Executive Independent Directors subject to retirement by rotation in the past, in terms of Clause 49 of the Listing Agreement with the stock exchanges and who are liable to retire by rotation at the ensuing Annual General Meeting, the Board of Directors at its meeting held on 9th July, 2014 after consideration has recommended to appoint the above said directors as Independent Directors within the meaning of Section 149 and 152 of the new Companies Act, 2013 read with Schedule IV thereto and Rules made there under, not subject to retirement by rotation, for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting of the Company upto the conclusion of 30th Annual General Meeting of the Company to be held in the calendar year 2019.

The Company has received notices in writing from members, alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Shri Anoop Gupta and Shri Surendra Kumar Kabra for the office of Directors of the Company.

The Company has received the declarations from Shri Anoop Gupta and Shri

Surendra Kumar Kabra, that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and also under Clause 49 of the Listing Agreement with the stock exchanges. They have given their consent to act as Directors and further confirmed that they are not disqualified from being appointed as Director under Section 164 of the said Act.

The Board of Directors are of the opinion that Shri Anoop Gupta and Shri Surendra Kumar Kabra are persons of integrity and possess relevant expertise and experience and are eligible and fulfill the conditions specified by the Companies Act, 2013, the Rules made thereunder and the Listing Agreement, for the position of Independent Directors of the Company. Shri Anoop Gupta and Shri Surendra Kumar Kabra are independent of the management. The Board considers that their association as Directors will be beneficial to and in the interest of the Company.

In compliance with clause 49 of the Listing Agreement, the brief resume of the said directors, the nature of their expertise in specific functional areas, names of the companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are given in the separate statement hereto.

The Board commends the Ordinary Resolutions set out at Item Nos. 7 and 8 of the Notice for approval by the shareholders.

Except Shri Anoop Gupta and Shri Surendra Kumar Kabra being appointees, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives, are in any way, concerned or interested, financially or otherwise, in these resolutions.

Item No. 9 & 10:

As per Section 149(5) of Companies Act, 2013 the Company is required to appoint Independent Directors within a period of one year from 01.04.2014 i.e. the date of commencement of the said section and Rules made thereunder. Since the Company had appointed Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka, as Non-Executive Independent Directors subject to retirement by rotation in the past, in terms of Clause 49 of the Listing Agreement with the stock exchanges, the Board of Directors at its meeting held on 9th July, 2014 after consideration has recommended to appoint the above said directors as Independent Directors within the meaning of Section 149 and 152 of the new Companies Act, 2013 read with Schedule IV thereto and Rules made there under, not subject to retirement by rotation, for a term of 5 (five) consecutive years with effect from the date of this Annual General Meeting of the Company upto the conclusion of 30th Annual General Meeting of the Company to be held in the calendar year 2019.

The Company has received notices in writing from members, alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka for the office of Directors of the Company.

The Company has received the declarations from Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka, that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and also under Clause 49 of the Listing Agreement with the stock exchanges. They have given their consent to act as Directors and further confirmed that they are not disqualified from being appointed as Director under Section 164 of the said Act.

The Board of Directors are of the opinion that Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka are persons of integrity and possess relevant expertise and experience and are eligible and fulfill the conditions specified by the Companies Act, 2013, the Rules made thereunder and the Listing Agreement, for the position of Independent Directors of the Company. Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka are independent of the management. The Board considers that their association as Directors will be beneficial to and in the interest of the Company.

In compliance with clause 49 of the Listing Agreement, the brief resume of the said directors, the nature of their expertise in specific functional areas, names of the companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are given in the separate statement hereto.

The Board commends the Ordinary Resolutions set out at Item Nos. 9 and 10 of the Notice for approval by the shareholders.

Except Shri Vishwa Nath Chandak and Shri Pradeep Kumar Goenka being appointees, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives, are in any way, concerned or interested, financially or otherwise, in these resolutions.

Item No. 11 & 12:

In terms of Clause 49 of the Listing Agreement, at least one-half of the Board of the Company shall consist of independent directors. To comply with the said requirement it is proposed to appoint Shri Abhilash Lal and Shri Narayanan Subramaniam as Independent Directors of the Company.

The Company has received notices in writing from members, alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidatures of each of Shri Abhilash Lal and Shri Narayanan Subramaniam for the office of Directors of the Company.

Shri Abhilash Lal and Shri Narayanan Subramaniam have given their consent to act as Directors and confirmed that they are not disqualified from being appointed as Director under Section 164 of the said Act.

The Company has received the declarations from Shri Abhilash Lal and Shri Narayanan Subramaniam, that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and also under Clause 49 of the Listing Agreement with the stock exchanges.

The Board of Directors are of the opinion that Shri Abhilash Lal and Shri Narayanan Subramaniam are persons of integrity and possess relevant expertise and experience and are eligible and fulfill the conditions specified by the Companies Act, 2013, the Rules made thereunder and the Listing Agreement, for the position of Independent Directors of the Company. Shri Abhilash Lal and Shri Narayanan Subramaniam are independent of the management.

Keeping in view their vast expertise and knowledge, it will be in the interest of the Company that Shri Abhilash Lal and Shri Narayanan Subramaniam are appointed as Independent Directors of the Company.

In compliance with clause 49 of the Listing Agreement, the brief resume of the Shri Abhilash Lal and Shri Narayanan Subramaniam, the nature of their expertise in specific functional areas, names of the companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are given in the separate statement hereto.

The Board commends the Ordinary Resolutions set out at Item Nos. 11 and 12 of the Notice for approval by the shareholders.

Except Shri Abhilash Lal and Shri Narayanan Subramaniam being appointees, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives, are in any way, concerned or interested, financially or otherwise, in these resolutions.

Item No. 13:

In terms of the provisions of Section 180(1)(c) of the Companies Act, 2013, the consent of the members by a special resolution is necessary to borrow moneys in excess of the aggregate of the paid-up share capital and free reserves of the Company, apart from temporary loans obtained from the Company's bankers in the ordinary course of business. The shareholders of the Company had at the 22nd Annual General Meeting of the Company held on 28th day of September, 2011, by an ordinary resolution (in accordance with the provisions of Companies Act, 1956), authorized the Board of Directors of the Company to borrow sums in excess of paid-up share capital and free reserves but not at any time exceeding ₹500.00 Crores (Rupees Five Hundred Crores).

Keeping in view the company's business requirements and its future plans, it is considered desirable to increase the said limit to ₹7,50,00,00,000/- (Rupees Seven Hundred Fifty crores only) in terms of the provisions of Section 180(1)(c) of the Companies Act, 2013.

Accordingly, the Board commends the Special Resolution set out at Item No. 13 of the Notice for approval by the shareholders.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 13 of the Notice.

Item No. 14:

The Members of the Company at the 22nd Annual General Meeting of the Company held on 28th September, 2011, authorised the Board of Directors of the Company for creation of security on the assets of the Company upto an amount not exceeding ₹500.00 Crores (Rupees Five Hundred Crores only), under the then applicable section 293(1)(a) of the Companies Act, 1956.

With a view to empower the Board of Directors of the Company to raise additional resources to match the business plans and for the purpose to provide such securities by creation of charge and/ or mortgage on the movable/ immovable assets/ properties and undertaking(s) of the Company, it is considered desirable to increase the said limit to ₹7,50,00,00,000/- (Rupees Seven Hundred Fifty Crores only) in terms of the provisions of Section 180(1)(a) of the Companies Act, 2013, in line with borrowing powers envisaged for the Board.

Accordingly, the Board commends the Special Resolution set out at Item No. 14 of the Notice for approval by the shareholders.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 14 of the Notice.

Item No. 15:

In order to meet the requirement of funds for completion of capital expansion projects as well as other general corporate purposes, the Company proposes to raise funds by issue of 31,07,500 (Thirty One Lacs Seven Thousand Five Hundred) Compulsorily Convertible Preference Shares ("CCPS") of ₹100/- each aggregating to ₹31,07,50,000/- (Rupees Thirty One Crores Seven Lacs Fifty Thousand only), convertible into 27,50,000 (Twenty Seven Lacs Fifty Thousand Only) Equity Shares of ₹10/- each of the Company at a price of ₹113/- per Equity Share at any time within 12 months from the date of subscription of CCPS, to M/s. MCap India Fund Ltd. on preferential allotment basis, in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and inter-alia on the following terms & conditions:

The salient features of the preferential issue are:

- ▶ The Equity Shares upon conversion shall be allotted at a price of ₹113/- per Equity Share (including premium of ₹103/- per share).

- ▶ The CCPS shall be locked in for a period of one year and the resultant Equity Shares to be so allotted shall be locked in for a period of one year from the date of grant of trading approval or for such period as may be determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. However, the lock in of Equity Shares allotted pursuant to conversion of CCPS shall be reduced to the extent the CCPS has already been locked in.
- ▶ The entire amount of the price fixed as above is proposed to be called along with the application and the allotment of CCPS shall be made within 15 days of this resolution, however, in the absence of requisite approvals or pendency of approval from any regulatory authority, the allotment shall be completed within 15 days from the date of such approval(s).
- ▶ The present resolution is proposed to be passed, in order to enable the Board to make the above mentioned preferential issue of CCPS subject to receipt of requisite approvals.

Disclosure in terms of Regulation 73(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

- (i) **The objects of the Preferential Issue:**
Funds mobilised through proposed issue are intended to be utilised for completion of capital expansion projects as well as other general corporate purposes. This will also strengthen the financial base of the Company and maximize overall value for all Shareholders of the Company.
- (ii) **Proposal of the Promoters/Directors/Key Management Personnel to subscribe to the offer:**
None of the Promoters/Directors/Key Management Personnel intends to subscribe to the said preferential issue.
- (iii) **Shareholding Pattern of the Company before and after the Preferential Issue:**
The Shareholding Pattern giving the present position as also considering full allotment of CCPS to the Investor and Equity Shares arising out of the conversion thereof and assuming the conversion of existing outstanding warrants is given below:

The above Shareholding Pattern is based on the details as on 29.08.2014.

Sr. No.	Category of Shareholder	Before Preferential Issue		After Preferential Issue*	
		No. of Equity Shares	%age to Total Equity Share Capital	No. of Equity Shares	%age to Total Equity Share Capital
A.	Promoters' Share Holding				
1.	Indian:				
	Individual	6057060	39.89	6768935 [®]	35.72
	Bodies Corporate	2552001	16.80	2552001	13.46
	Sub-Total	8609061	56.69	9320936	49.18
2.	Foreign Promoters	0.00	0.00	0.00	0.00
	Sub-Total (A)	8609061	56.69	9320936	49.18
B.	Public Shareholding				
1.	Institutional Investors	5600	0.04	5600	0.03
2.	Non-Institution:				
	Bodies Corporate				
	-Existing	1877397	12.36	2180522 [®]	11.51
	-New	-	-	2750000	14.51
	Individuals	4347104	28.63	4347104	22.94
	Others (Including NRIs)	346838	2.28	346838	1.83
	TOTAL	1,51,86,000	100.00	1,89,51,000	100.00

*The above share holding pattern may change from time to time depending upon the transfer of Shares by the existing Shareholders and fresh issue of capital as may be made by the Company. The voting rights will change in tandem with change in shareholding pattern.

Note:

The above mentioned shareholding pattern is based upon the following assumptions:

- The shareholding of other shareholders does not change.
- @ Includes following number of Equity Shares to be allotted to the respective categories, against exercise of conversion right attached to the Warrants already held by them:

Category	No. of Equity Shares to be allotted
Promoter and Promoter Group	7,11,875
Persons/ Entities other than Promoters:	
-Bodies Corporate	3,03,125
Total	10,15,000

(iv) **Proposed Time within which the Preferential Issue shall be completed:**

The allotment of CCPS on preferential basis shall be completed within a period of 15 days from the date of passing of the Special Resolution by the Shareholders, however, in the absence of requisite approvals or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the date of such approvals.

(v) **The Identity of the proposed allottee and the percentage of post preferential issue capital that may be held by them:**

Name of the Proposed Allottee and (the natural person(s) who are the ultimate beneficial owners of the Shares proposed to be allotted and / or who ultimately control)	Identity of the Proposed Allottee	Before Preferential Issue		After Preferential Issue	
		No. of Equity Shares	%age to Total Equity Share Capital	No. of Equity Shares	%age to Total Equity Share Capital
MCAP India Fund Ltd. (Mr. Michael Calisse)	Body Corporate -Foreign (Non-Promoter)	NIL	NIL	27,50,000	14.51

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

The Auditors' Certificate to the effect that the present preferential allotment of CCPS/ Equity Shares is being made in accordance with the Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall be placed at the Meeting.

A statement of disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of the CCPS, are as under:

Issue size, number of preference shares to be issued and nominal value of each share	31,07,500 CCPS at a nominal value of ₹100/- each aggregating to ₹31,07,50,000/-
Nature of shares	Non-Cumulative, Non-participating and Convertible into Equity Shares.
Objectives of the issue	For completion of capital expansion projects as well as other general corporate purposes.
Issue Price	CCPS will be issued at par value of ₹100/- each.
Basis on which Price has been arrived at	Since the CCPS are being issued at face value, the requirement relating to providing the basis for issue price is not applicable.
Manner, Terms of issue and rate of dividend on each share	Issued and offered on a Preferential basis in accordance with the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. A dividend of ₹12/- per share (i.e.@12%), if declared, would be payable on a pro rata basis from the date of allotment.
Terms, manner and modes of redemption	CCPS are not redeemable but are convertible into equity shares of the Company.
Conversion Price and terms of conversion	31,07,500 CCPS of ₹100/- each will be convertible into 27,50,000 (Twenty Seven Lacs Fifty Thousand Only) Equity Shares of ₹10/- each of the Company at a price of ₹113/- per Equity Share at any time within 12 months from the date of subscription of CCPS.
Shareholding pattern of the Company as on Date	Provided herein above in compliance with Regulation 73(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Expected dilution in equity capital upon conversion of preference shares	No dilution in Equity Capital is envisaged expect as provided in Shareholding Pattern.

The issue of CCPS is in accordance with the provisions of the Articles of Association of the Company. There is no subsisting default in the redemption of preference shares issued by the Company or in the payment of dividend due on any preference shares issued by the Company.

In terms of Section 62(1)(a) and 62(1)(b) of the Companies Act, 2013, in the event of a Company proposing to increase its subscribed capital by way of allotment of further shares in the circumstances specified therein, it is required to offer such shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company or to its employees under a scheme of employees' stock option. Pursuant to Section 62(1)(c) of the Companies Act, 2013, a Company may offer its shares in any manner whatsoever to any persons other than those mentioned in Section 62(1)(a) & (b), if a special resolution to that effect is passed.

The consent of the Members is thus being sought to issue 31,07,500 CCPS convertible into 27,50,000 Equity Shares of the Company on the aforesaid terms and conditions, pursuant to the provisions of Section 42, 55 and Section 62 and other applicable provisions of the Companies Act, 2013 and in terms of Regulation 72(1)(a) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and also in accordance with other applicable guidelines, rules, regulations in force.

The Board commends the Special Resolution set out at Item No. 15 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 15 of the Notice.

Item No. 16:

In order to meet the requirement of funds for completion of capital expansion projects as well as other general corporate purposes, the Company proposes to raise funds by issue of 2,50,000 Warrants convertible into/ exchangeable with the Equity Shares of the Company at a later date, to M/s. MCap India Fund Ltd. on preferential allotment basis, in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and inter-alia on the following terms & conditions:

The salient features of the preferential issue are:

- ▶ The holder(s) of each Warrant will be entitled to apply for and obtain allotment of One Equity Share of face value of ₹10/- each of the Company against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches.
- ▶ If the entitlement against the Warrants to apply for the Equity Shares is not exercised within the aforesaid period of 18 months, the entitlement of the Warrant holder(s) to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid on such Warrants shall stand forfeited.
- ▶ The Equity Shares upon exercise of right attached to Warrants shall be allotted at a price of ₹113/- per Equity Share (including premium of ₹103/- per share).
- ▶ The proposed allottee(s) of the Warrants shall pay, on or before the date of allotment of the Warrants, an amount equivalent to at least 25% of the price per warrant fixed in terms of the SEBI (Issue of Capital and Disclosure

Requirements) Regulations, 2009 and the balance 75% of the price shall be payable on or before the conversion of the said Warrants into Equity Shares. The amount so paid on the Warrants shall be adjusted / set off against the issue price of the resultants Equity Shares arising out of conversion of the Warrants by appropriating ₹10/- towards Equity Share Capital of the Company and balance amount towards securities premium.

- ▶ The Warrants and the resultant Equity Shares to be so allotted shall be locked in for a period of one year from the date of grant of trading approval or for such period as may be determined in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- ▶ An amount equivalent to the 25% of the price fixed as above is proposed to be called along with the application and the allotment of Warrants shall be made within 15 days of this resolution, however, in the absence of requisite approvals or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the date of such approval.
- ▶ In the event of the Company making a bonus issue by way of capitalization of its reserves, prior to allotment of Equity Shares against the warrants, the number of Equity Shares to be allotted against such warrants shall stand augmented in the same proportion in which the Equity Share Capital increases as a consequence of such bonus issue.
- ▶ In the event of the Company making a rights offer by way of issue of new Equity Shares prior to allotment of Equity Shares against the Warrants, the entitlement of the Equity Shares under the Warrants shall stand increased in the same proportion in the rights offer and such additional Equity Shares will be offered to the Warrant holder(s) at the same price at which the existing Shareholders are offered Equity Shares.
- ▶ The Warrant by itself, until converted into Equity Shares does not give to the holder thereof any right with respect to that of a Member of the Company except as specified above.
- ▶ The present resolution is proposed to be passed, in order to enable the Board to make the above mentioned preferential issue of Warrants subject to receipt of requisite approvals.

Disclosure in terms of Regulation 73(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

- (i) **The objects of the Preferential Issue:**
Funds mobilised through proposed issue are intended to be utilised for completion of capital expansion projects as well as other general corporate purposes. This will also strengthen the financial base of the Company and maximize overall value for all Shareholders of the Company.
- (ii) **Proposal of the Promoters/Directors/Key Management Personnel to subscribe to the offer:**
None of the Promoters/Directors/Key Management Personnel intends to subscribe to the said preferential issue.
- (iii) **Shareholding Pattern of the Company before and after the Preferential Issue:**
The Shareholding Pattern giving the present position as also considering full allotment of warrants to the Investor and Equity Shares arising out of the conversion thereof and assuming the conversion of existing outstanding warrants is given below:

The above Shareholding Pattern is based on the details as on 29.08.2014.

Sr. No.	Category of Shareholder	Before Preferential Issue		After Preferential Issue*	
		No. of Equity Shares	%age to Total Equity Share Capital	No. of Equity Shares	%age to Total Equity Share Capital
A.	Promoters' Share Holding				
1.	Indian:				
	Individual	6057060	39.89	6768935 [@]	35.25
	Bodies Corporate	2552001	16.80	2552001	13.29
	Sub-Total	8609061	56.69	9320936	48.54
2.	Foreign Promoters	0.00	0.00	0.00	0.00
	Sub-Total (A)	8609061	56.69	9320936	48.54
B.	Public Shareholding				
1.	Institutional Investors	5600	0.04	5600	0.03
2.	Non-Institution:				
	Bodies Corporate				
	-Existing	1877397	12.36	2180522 [@]	11.36
	-New	-	-	3000000 [#]	15.62
	Individuals	4347104	28.63	4347104	22.64
	Others (Including NRIs)	346838	2.28	346838	1.81
	TOTAL	1,51,86,000	100.00	192,01,000	100.00

*The above share holding pattern may change from time to time depending upon the transfer of Shares by the existing Shareholders and fresh issue of capital as may be made by the Company. The voting rights will change in tandem with change in shareholding pattern.

Note:

The above mentioned shareholding pattern is based upon the following assumptions:

- The shareholding of other shareholders does not change.
- # Includes 27,50,000 Equity Shares to be allotted upon conversion of 31,07,500 CCPS as proposed under Item No. 15 of the notice.
- @ Includes following number of Equity Shares to be allotted to the respective categories, against exercise of conversion right attached to the Warrants already held by them:

Category	No. of Equity Shares to be allotted
Promoter and Promoter Group	7,11,875
Persons/ Entities other than Promoters:	
-Bodies Corporate	3,03,125
Total	10,15,000

(iv) **Proposed Time within which the Preferential Issue shall be completed:**

The allotment of Warrants on preferential basis shall be completed within a period of 15 days from the date of passing of the Special Resolution by the Shareholders, however, in the absence of requisite approvals or on pendency of any approval from any regulatory authority, the allotment shall be completed within 15 days from the date of such approvals.

(v) **The Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:**

Name of the Proposed Allottee and (the natural person(s) who are the ultimate beneficial owners of the Shares proposed to be allotted and / or who ultimately control)	Identity of the Proposed Allottee	Before Preferential Issue		After Preferential Issue*	
		No. of Equity Shares	%age to Total Equity Share Capital	No. of Equity Shares	%age to Total Equity Share Capital
MCAP India Fund Ltd. (Mr. Michael Calisse)	Body Corporate -Foreign (Non-Promoter)	NIL	NIL	30,00,000	15.62

*Assuming full exercise of right attached to Warrants and includes 27,50,000 Equity Shares to be allotted upon conversion of 31,07,500 CCPS as proposed under Item No. 15 of the Notice.

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

The Auditors' Certificate to the effect that the present preferential allotment of Equity Shares/ Warrants is being made in accordance with the Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, shall be placed at the Meeting.

In terms of Section 62(1)(a) and 62(1)(b) of the Companies Act, 2013, in the event of a Company proposing to increase its subscribed capital by way of allotment of further shares in the circumstances specified therein, it is required to offer such shares to its existing equity shareholders in the proportion of their respective equity shareholdings in the Company or to its employees under a scheme of employees' stock option. Pursuant to Section 62(1)(c) of the Companies Act, 2013, a Company

may offer its shares in any manner whatsoever to any persons other than those mentioned in Section 62(1)(a) & (b), if a special resolution to that effect is passed.

The consent of the Members is thus being sought to issue 2,50,000 Warrants convertible into equal number of Equity Shares of the Company at a later date on the aforesaid terms and conditions, pursuant to the provisions of Section 42 and Section 62 and other applicable provisions of the Companies Act, 2013 and in terms of Regulation 72(1)(a) of SEBI (ICDR) Regulation, 2009 and also in accordance with other applicable guidelines, rules, regulations in force.

The Board commends the Special Resolution set out at Item No. 16 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 16 of the Notice.

Item No. 17:

This special resolution contained in the Notice under Item No. 17 relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds, Convertible or Non-convertible Debentures and such other securities as stated in the resolution (the "Securities"), including by way of a qualified institutions placement in accordance with Chapter VIII of the SEBI ICDR Regulations, in one or more tranches, at such price as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the issue, offer, and allotment shall be made considering the prevalent market conditions and other relevant factors and wherever necessary, in consultation with lead manager(s) and other agencies that may be appointed by the Board for the purpose of the Issue.

This special resolution enables the Board to issue Securities for an aggregate amount not exceeding ₹100 Crore (Rupees One Hundred Crore) or its equivalent in any foreign currency.

The Board shall issue Securities pursuant to this special resolution and utilize the proceeds to meet capital expenditure and working capital requirements of the Company and general corporate purposes.

The special resolution also seeks to empower the Board to issue Eligible Securities by way of QIP to QIBs in accordance with Chapter VIII of the SEBI ICDR Regulations. The pricing of the Eligible Securities that may be issued to QIBs pursuant to SEBI ICDR Regulations shall be freely determined subject to such price not being less than the floor price calculated in accordance with Chapter VIII of the SEBI ICDR Regulations ("QIP Floor Price"). Further, the Board may also offer a discount of not more than 5% or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations. The "Relevant Date" for this purpose will be the date when the Board (including Committee thereof) decides to open the QIP for subscription.

As the Issue may result in the issue of Equity Shares of the Company to investors who may or may not be members of the Company, consent of the members is being sought pursuant to Section 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and being applicable and in terms of the provisions of the Listing Agreement executed by the Company with the Stock Exchanges where the Equity Shares of the Company are listed.

The Board accordingly commends the Special Resolution set out at Item No. 17 of the accompanying Notice for your approval.

The Directors or Key Managerial Personnel or their relatives of the Company may be deemed to be concerned or interested in the proposed resolution to the extent of Equity Shares that may be subscribed by the companies / institutions in which they are Directors or Members.

Item No. 18 & 19:

The present Authorized Share Capital of the Company is ₹28,50,00,000/- (Rupees Twenty Eight Crores Fifty Lacs only) divided into 2,40,00,000 (Two Crores Forty Lacs) Equity Shares of ₹10/- (Rupees Ten) each and 4,50,000 (Four Lacs Fifty

Thousand) Preference Shares of ₹100/- each. To meet the requirement of funds for completion of capital expansion projects as well as other general corporate purposes, the Company proposes to raise resources by issue of fresh Capital. In order to accommodate the proposed issue of CCPs, the existing Authorised Share Capital of the Company is being increased from ₹28,50,00,000/- to ₹55,50,00,000/- by creation of 27,00,000 (Twenty Seven Lacs) Preference Shares of ₹100/- (Rupees One Hundred) each. As a result of the above, relevant Capital Clause of the Memorandum of Association of the Company is also required to be altered as mentioned in resolution placed at Item No. 19 of the Notice.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 18 & 19 of the Notice.

Item No. 20:

The existing Articles of Association ("AoA") of the Company are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the 'Act').

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction/ confirmation of the National Company Law Tribunal ("Tribunal"). However, substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. In addition, certain amendments have been considered necessary in the light of the Subscription Agreement entered into with MCAP India Fund Ltd., the Investor for subscribing CCPs and Warrants of the Company, on 14th August, 2014, as proposed under Item no. 15 and 16 of the Notice. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholder's attention is invited to certain salient provisions in the new draft AoA of the Company viz:

- existing articles have been streamlined and aligned with the Act;
- the statutory provisions of the Act which permit a company to do some acts "If so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and
- provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication. Their non-inclusion makes the new AoA crisp, concise and clear and aids ease of reading and understanding.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders,

The Board commends the Special Resolution set out at Item No. 20 of the Notice for approval by the shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 20 of the Notice.

All the documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection of the members during business hours on all working days up to the date of the Meeting.

Date: 30th August, 2014.

By Order of the Board

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

(Bharat Kumar Sajjani)
Company Secretary





GANESHA ECOSPHERE LTD.

CIN No.: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)

E-mail: gesl@ganeshaecosphere.com • Website: www.ganeshaecosphere.com • Tel. No.: 0512-2555504-06 • Fax No.: 0512-2555293

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 No.

DP ID No.*

Client ID No.*

No. of Shares held:

I hereby record my presence at the 25th Annual General Meeting of the Company on Monday, 29th September, 2014 at 3:00 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.



Registration of E-mail Address

We hereby give an option to our shareholders to receive documents like General Meeting Notices (including AGM), Annual Report and other documents in electronic form on their e-mail address registered with Company. If you desire to receive such communications/ documents in electronic mode, please register/update your e-mail address by providing the details as set below. In case we do not receive any communication from you giving your consent to receive e-copies from the Company, we shall forward hard copies to you.

Name of the Shareholder (s)	
Folio No.	
E-mail Address	





GANESHA ECOSPHERE LTD.

CIN No.: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)

E-mail: gesl@ganeshaecosphere.com • Website: www.ganeshaecosphere.com • Tel. No.: 0512-2555504-06 • Fax No.: 0512-2555293

PROXY FORM

Name of the Member(s):
Registered Address:.....
E-mail Id:.....
Folio No. / Client ID:
DP ID*:

I/We, being the member(s) of..... shares of above named Company, hereby appoint :

- Name..... Address:.....
E-mail Id: Signature:....., Or failing him
- Name..... Address:.....
E-mail Id: Signature:....., Or failing him
- Name..... Address:.....
E-mail Id: Signature:.....,

as my/our proxy to attend and vote (on a poll)for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, 29th September, 2014 at 3:00 P.M.at the registered office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat, or at any adjournment thereof in respect of such resolution as are indicated below:

Resolution No.	Resolutions
1.	Adoption of Financial Statements for the year ended 31st March, 2014.
2.	Confirmation of Interim Dividend on CRPS (I) and declaration of Dividend on Equity Shares for Financial Year 2013-14.
3.	Re-appointment of Shri Vishnu Dutt Khandelwal as Director who retires by rotation.
4.	Appointment of M/s. Mehrotra Rakesh Kumar & Co, Chartered Accountants, as Statutory Auditors and fixing their remuneration.
5.	Continuation of tenure of Shri Shyam Sunder Sharma, as Managing Director of the Company, for the remaining period of his tenure.
6.	Re-appointment of Shri Sharad Sharma, as Joint Managing Director.
7.	Appointment of Shri Anoop Gupta, as an Independent Director.
8.	Appointment of Shri Surendra Kumar Kabra, as an Independent Director.
9.	Appointment of Shri Vishwa Nath Chandak, as an Independent Director.
10.	Appointment of Shri Pradeep Kumar Goenka, as an Independent Director.
11.	Appointment of Shri Abhilash Lal, as an Independent Director.
12.	Appointment of Shri Narayanan Subramaniam, as an Independent Director.
13.	Pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 for borrowing money upto ₹750.00 crores.
14.	Pursuant to the provisions of section 180(1)(a) of the Companies Act, 2013 to create security on all or any of the Company's properties/ assets against borrowing.
15.	Issuance of 31,07,500 Compulsorily Convertible Preference Shares ("CCPS") of ₹100/- each on preferential basis under section 42 ,55 & 62 of the Companies Act, 2013.
16.	Issuance of 2,50,000 Warrants on preferential basis under Section 42 & 62 of the Companies Act, 2013.
17.	Issuance of further Share Capital by way of Private Placement/ QIP etc.
18.	Increase in the Authorised Share Capital of the Company.
19.	Alteration in Capital Clause in the Memorandum of Association of the Company.
20.	Adoption of new Articles of Association of the Company.

Signed this..... day of2014.

Signature of shareholder.....

Signature of Proxy holder(s)

• Applicable for members holding shares in Electronic form .

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes please refer to the Notice of Annual General Meeting.

Affix
Revenue
Stamp

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. Poonam Garg	

Chief Financial 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

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

- Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar,
Pargana and Tehsil Bilaspur, Distt. Rampur, Uttar Pradesh.
- Gata No. 103,109,113,111, 125, 126, 127, Village Temra,
Tehsil Bilaspur, Distt. Rampur(U.P.)
- Gata No. 112, Village Temra, Tehsil Bilaspur,
Distt. Rampur (U.P.)

Website

www.ganeshaecosphere.com



BOOK POST

"Ambition is the path to success;
persistence is the vehicle you arrive in."
- *William Eardley IV*



GANESHA ECOSPHERE LTD.
113/216-B, SWAROOP NAGAR,
KANPUR-208002, UTTAR PRADESH