

23RD ANNUAL REPORT 2011-12



Clean, green and safe



GANESHA ECOSPHERE LTD.

(Formerly known as Ganesh Polytex Ltd.)

FORWARD-LOOKING STATEMENT

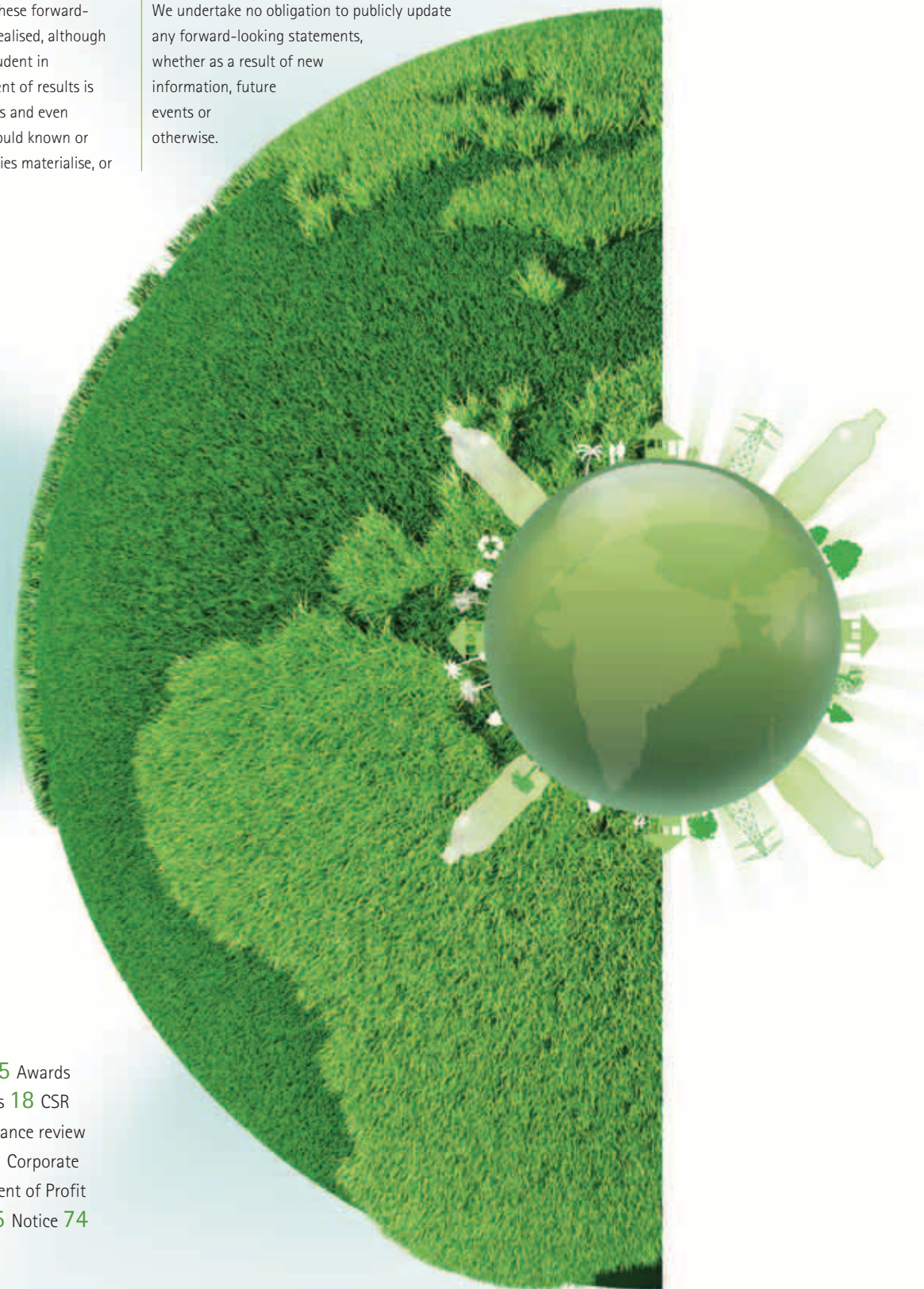
In this Annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results 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.



Contents

Corporate identity 02 Corporate pillars 04 Performance highlights 05 Awards
06 Chairman's statement 08 Corporate strengths 10 Building values 18 CSR
19 Management Discussion and Analysis 20 Business drivers 23 Finance review
24 Risk Management 26 Board of Directors 28 Directors' report 30 Corporate
Governance report 37 Auditors' report 49 Balance Sheet 52 Statement of Profit
Et Loss 53 Cash Flow Statement 54 Notes to Financial Statements 55 Notice 74

Have you ever wondered what happens to used PET bottles after you have discarded them? Where do they disappear? Do they get reused at all? In what form?

Ganesha Ecosphere is India's largest PET waste recycling company.

Helping make the world clean, green and safe.

What's good for the world is good for the Company. The Company reported a 32.25% growth in revenues in 2011-12 and enhanced value for its shareholders.

Ganesha Ecosphere. India's largest PET waste recycling company.

Recycling PET waste into polyester staple fibre. Transforming, what was long considered waste, into value.

PET bottle recycling	Production capacity	Revenue from operations	Export presence	ROCE
7 million Daily	60,000 MT In 2011-12	₹ 385.23 crore In 2011-12	33 countries	17.84% As on 31st March, 2012

Parentage

- Established in 1987, the Company commenced the manufacture of polyester staple fibre in 1995
- The Company is headed by Mr Shyam Sunder Sharmma (Chairman and Managing Director) and managed by dedicated professionals
- The Company's name changed to Ganesha Ecosphere Ltd. from Ganesh Polytex Ltd. w.e.f.

7th October, 2011

Presence

- The Company is headquartered in Kanpur (Uttar Pradesh)
- The Company's manufacturing units in Kanpur (Uttar Pradesh) and Rudrapur (Uttarakhand) possess a cumulative capacity of 60,000 TPA
- Possesses 25 PET waste collection centres

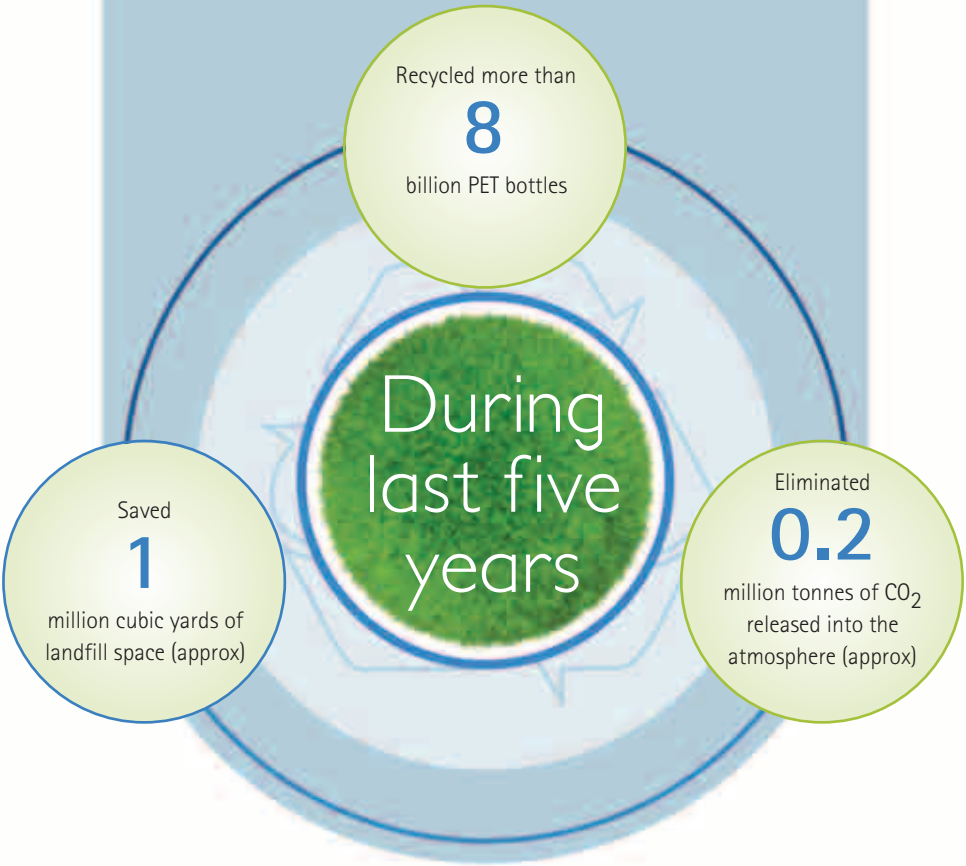
located across India

- The Company's shares are listed and actively traded on the Bombay Stock Exchange (market capitalisation of ₹84.43 cr as on 31st March, 2012)

Products

The Company is engaged in processing of PET waste into Recycled Polyester Staple Fibre and yarn processing, which finds applications in the following sectors:

Product range	Application
Recycled Polyester Staple Fibre:	Industrial sector
■ Silicon fibre	■ Toy stuffing, furniture, pillows, quilts, mattresses and other comfort products
■ Hollow fibre	■ Non-woven carpets and fabrics
■ Hollow silicon fibre	■ Filter fabrics
■ Conjugated fibre (3 dimension)	■ Medical and packaging textiles
■ Hollow conjugated fibre	■ Geo textiles
■ Fire-retardant fibre	■ Paper and construction industry
■ Anti-microbial fibre	■ Other non-woven/technical textile applications
■ Dope dyed fibre	Textile sector
■ Short cut fibre (3-4mm)	■ Spun yarn
■ Textile grade fibre (1.5 to 3 denier)	■ Hosiery yarn
■ Trilobal fibre	■ Blended woolen yarn
■ Coarse denier (5 to 80 denier)	
Yarn:	
Texturised/ Twisted Grey & Dyed Yarn	Fabrics, Sarees, Dress Material, Upholstery and furnishing fabrics, Sewing Threads, Cords etc.



Our journey

07
08

- Expanded waste recycling facility at Rudrapur (to 21,600 MTPA)

08
09

- Expanded RPSF capacity of the Kanpur unit to 18000 MTPA (total 39,600 MTPA)
- Enhanced equity capital to ₹98.5 million

09
10

- Expanded capacity of Rudrapur unit by 18,000 MTPA (total 57,600 MTPA)
- Enhanced equity capital to ₹123.2 million
- Designated as STAR EXPORT HOUSE by the Ministry of Commerce & Industry

10
11

- Awarded ICAI 'Silver Shield' for excellence in financial reporting
- Equity capital expanded to ₹136.7 million

11
12

- Awarded the coveted 'Business Today-Yes Bank Star SME Award' in the overall medium category for 2011
- Equity capital expanded to ₹151.86 million

Corporate pillars

Our 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.

Our Mission

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

Shared Values

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

Proof of a robust and clean performance

Operational highlights, 2011-12

- Increased production 14% from 40,543 tonnes in 2010-11 to 46,207 tonnes
- Successfully launched and marketed spun

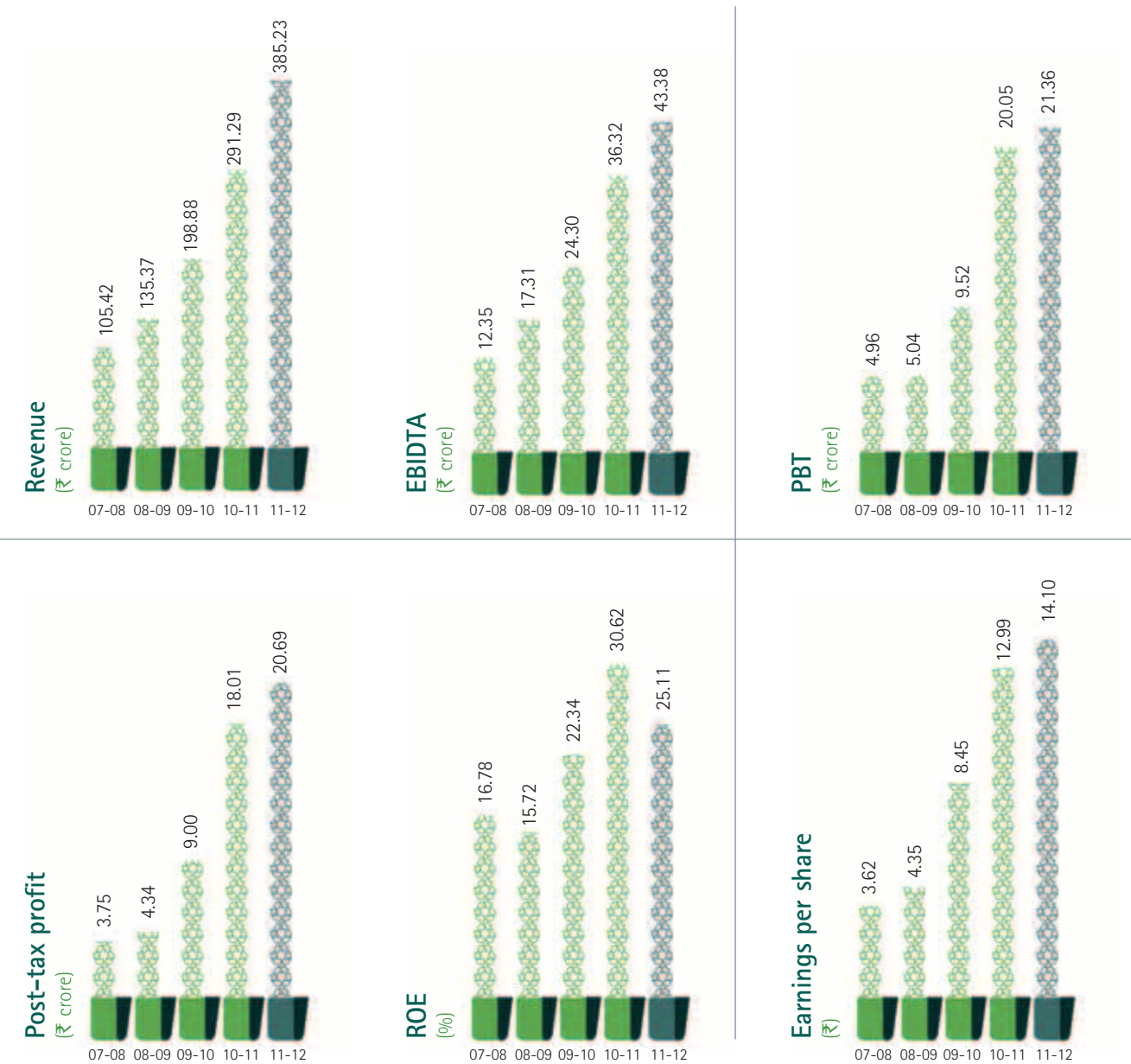
yarn made from 100%-own recycled PSF

Financial highlights, 2011-12

- Revenue increased 32.25% from ₹291.29 crore in 2010-11 to ₹385.23 crore
- EBITDA increased 19.44% from ₹36.32 crore

in 2010-11 to ₹43.38 crore

- Profit after tax increased 14.88% from ₹18.01 crore in 2010-11 to ₹20.69 crore
- Cash profit increased 17.76% from ₹26.91 crore in 2010-11 to ₹31.69 crore



Awards



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

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

The Company has also been awarded with the most coveted 'Business Today- Yes Bank Star SME Award' in the overall medium category for the year 2011. The Award was presented by Shri Virbhadra Singh, Hon'ble Union Minister for Small and Medium Enterprises who graced the occasion as the Chief Guest among other dignitaries present. Joint Managing Director, Shri Sharad Sharma and Chief Finance Officer, Shri Gopal Agarwal received the award on behalf of the Company.

The glorious event, organised through the joint initiative of Business Today and YES Bank, was marked by the presence of dignitaries who are stars or celebrities in their own respective SMEs fraternities. This year more than 2.8 lakh SMEs participated in the survey, thereby making our success a phenomenal one.



We expect to emerge as a ₹10 billion turnover Company in next five years

Pear shareholders,

I AM PLEASED TO PRESENT A GROWING PERFORMANCE IN 2011-12 FOR THE ATTENTION OF OUR SHAREHOLDERS.

While growth in any year would be considered creditable, the fact that we grew in a challenging year like 2011-12 must make our performance even sweeter. The year under review was marked by several challenges like rising inflation, increased cost of borrowed capital, economic uncertainty, global slowdown and low consumer confidence.

Performance

Despite these challenges, your Company was able to post its best-ever performance.

- We increased revenues 32.25% from ₹291.29 crore in 2010-11 to ₹385.23 crore
- We increased profit after tax 14.88% from ₹18.01 crore in 2010-11 to ₹20.69 crore
- We achieved the benefit of a full year's production across our expanded capacity in Rudrapur, enhancing the Company's production 15% over the previous year

This counter-slowdown performance was achieved on account of the Company's proactive investment in capacity, geographic presence and portfolio.

Challenges

The Company addressed the following challenges during the year under review:

The Company absorbed a part of the increase in the wages of rag pickers and neutralised a part of the increase through superior

procurement management. The Company selected a mix of foreign currency and rupee-based loans, reducing its average borrowing cost to 11% in 2011-12, lower than the prevailing rates in the Indian economy.

Market scenario

Globally, the demand for polyester fibre is on the rise due to diverse applications in various sectors. The global consumption of man-made fibre was 51 million against 30 million tonnes of cotton fibre. The consumption ratio of polyester fibre to cotton fibre in India increased from 20:80 in 1980 to 40:60 in 2011.

PET is one of the fastest-growing segments in plastics, providing a hygienic, durable and user-friendly packaging solution for various kinds of bottled drinks, beverages, pharmaceuticals, liquor, chemicals and other liquid products. With lifestyle changes and higher disposable incomes, demand for PET bottles is set to grow rapidly. Since PET bottles take a considerable amount of time to decompose and a huge amount of land is required to dispose them, there is a growing need to recycle PET bottles into something productive, economical and relevant.

India's PET resin demand of around 500,000 tonnes per annum is growing at around 7.5% annually. Even as India is emerging as one of the largest consumers of polymers, per capita PET consumption in India is a mere 0.3 kg compared with 2.1 kg the world over. Going ahead, as India's PET consumption catches up with the global average, the Company will

need to find a responsible long-term solution for the growing quantity of PET waste.

At GESL, we address a significant opportunity. Recycling is practiced worldwide; when one tonne of PET container is recycled, it saves around 7.4 cubic yards of land fill space. Even as there is a growth in the manufacture of PET resin with some of the leading players in India doubling their capacities in near term, the country's PET recycling capacity is placed at around 300,000 TPA.

Our positioning

GESL is advantageously positioned to capitalise on this opportunity. The Company was the first to commission PET recycling capacity in 1995, which has now resulted in an attractively low capital cost, the largest Indian waste recycling capacity, one of the widest product portfolios and the pioneering manufacturer of coloured fibres in India. The result is that GESL possesses a relatively de-risked business model across regions and market cycles.

Product relevance

The business of recycled PET fibres possesses certain advantages over virgin fibres. The raw material procurement price of virgin fibre is linked to the crude oil price movement, unlike waste PET, which is priced lower and based on our ability to negotiate with intermediaries who derive material from rag pickers. As a result, there is always a ready market for our products on the one hand and an easier ability to engage in business forecasting on the other. PET recycling is also energy-

efficient; one tonne of PET recycling conserves energy equivalent to lighting a 60W bulb for six hours.

At GESL, we are attractively and competitively placed to capitalise on the upside of our potential. We provide customised products that address the needs of our customers. We are engaged in a relationship-centric business model where we work with longstanding customers and most of our revenues is derived from existing customers.

At GESL, our primary raw material is PET waste. India has abundant PET waste due to a growing use of PET across various products. The Company created a strong network of collection centres backed by dedicated rag pickers. Besides, the Company developed a strong network of scrap dealers for PET waste sourcing.

At GESL, we also derive strength through our strong balance sheet. A prudent financial strategy helped us expand without stretching our balance sheet. Our debt-equity ratio stood at 0.64 as on 31st March, 2012.

Way forward

At GESL, we are strengthening our business through various initiatives:

- We are expanding our PET bottle recycling capacity by 30,000 TPA. The first phase of this expansion is expected to go on-stream by March 2013 and second phase by September 2013.
- We are climbing the value chain by setting up a greenfield capacity (25,920 spindles) to

manufacture spun yarn, which will make further value-addition of about 75% over PSF prices. We are also contemplating an integration forward into the manufacture of value-added products like technical non-woven textile, geo-textiles, etc.

At GESL, we are growing the Company without compromising its solidity. Our sustainable business model is founded on long experience, solid business model, ethical business practices and lasting customer relationship along with a deep market understanding.

The result is that we expect to achieve revenues of ₹10 billion in five years through secure and sustainable means.

With such a productive past, and with such an exciting future, encompassing foray into

new segments and strategic projects, the Company looks to the future with confidence. On behalf of the Board of Directors I take this opportunity to convey my gratitude to the management team and employees for their continued support, undiluted commitment, enthusiasm and devoted efforts. I would like to place on record my heartiest appreciation to our shareowners, suppliers, associates and loyal customers for their continued trust, they have placed in our Company, thus helping it emerge as a leader in the field of recycling.

Regards,

Shyam Sunder Sharmma
Chairman





Our industry leadership is derived from deep and enduring competencies

Business model

The Company has invested in an environment-friendly business model where it recycles PET bottles, which take more than a century to decompose and occupy considerable land-filling space. The vast recycling opportunity helped the Company emerge as one of the fastest-growing companies in India with a CAGR in revenues of 37% in the last five years.

Experience

The Company possess 17 years of experience in polyester fibre manufacture and waste recycling

Scale

The Company possesses the country's largest production capacity of 57,600 TPA, translating into attractive economies of scale.

Applications

The Company's diverse product range finds applications in sectors like fibrefill, spinning industry, automobile industry, geo-textiles, medical and packaging, paper, textiles and various other non-woven sectors, de-risking it from a dependence on any single industry.

Technology

The Company is equipped with state-of-the-art technology, enabling it to manufacture a diverse range of quality products.

Customisation

The Company's rich experience enables it to provide customised products as per customer requirements.

Governance

The Company's governance stems from information transparency, continuous audit (internal) and complete statutory compliances.

Fiscal management

The Company's balance sheet comprises a cash balance of ₹10 crore as on 31st March, 2012, modest debt-equity ratio of 0.64 (as on 31st March, 2012) and an average 11% cost of debt that is lower than the prevailing cost in the Indian economy



CLEAN, GREEN AND SAFE

One input. Multiple applications. Saving the environment.

t HERE IS ONE FEATURE LINKING THE JERSEY ON the back of the famous footballer to the 500 ml cola bottle to the geo-textile used in road construction to the container used in storing fish inside a refrigerator. Polyethylene terephthalate (PET) is used as a packaging material for beverages, food, products (personal and home care), pharmaceuticals, consumer and industrial products.

PET has gained global acceptance as a preferred packaging material on account of its hygiene, strength, lightness, durability, inertness, economy, attractiveness and freshness-retention. The result is that global food and health safety agencies have approved PET as perfectly safe for downstream applications in food and beverage packaging.

Even as there has been a substantial increase in the production of PET over the last decade, there is another reality: the product simply takes hundreds of years to

decompose, making land filling necessary and even critical for human survival.

At Ganesha Ecosphere, we see ourselves at the forefront of making the world a liveable place – through a business that reconciles PET waste consumption at one end and the manufacture of useful products at the other.

Over the last five years, the Company has recycled more than eight billion tonnes of PET waste, which would have otherwise occupied one million cubic sq yards of landfill space. On the contrary, the Company has produced useful products that find applications in sectors like fibrefilling, automobile, textiles (technical and geo) and packaging, etc.

The result is in the numbers. Ganesha Ecosphere's revenues grew at a CAGR of 37% in the five years leading to 2011-12.



CLEAN, GREEN AND SAFE

One idea. Multiple benefits. For society and business.

t HINK OF A BUSINESS THAT HAS unlimited potential, attractive margins and does as much good for a manufacturer as it does for the world.

The recycling of PET is one such business. On the face of it, a tonne of PET containers occupies 7.4 cubic yards of landfill space. When recycled, this demanding space requirement is liberated. Besides, recycling a pound of PET saves approximately 12,000

BTUs, according to industry authority US Environmental Protection Agency.

The scope of this business is derived from some attractive realities:

One, the consumption of PET containers is growing at around 7% the world over; the developing countries like India, will show higher growth for pet packaging as a result of growing real incomes and the replacements of traditional packaging formats by pet bottles. Since the

consumption of PET is expected to grow sustainably, the Company's access to a growing quantity of raw material is reasonably assured.

Two, only about 50-60% of consumed PET bottles are recycled, leaving adequate room for enhanced procurement efficiency.

Three, the manufacture of polyester staple fibre accounts for 94% of the Company's output, an area whose consumption has been

rising year-on-year on account of established product advantages.

Four, following investments, the Company intends to graduate to the manufacture of diverse value-added products, progressively adding more value.

The result: the Company reconciled environmentally-beneficial activity on the one hand with an economically positive impact on the other.

One PET bottle is equal to....

- 19 PET bottles (20 oz) yield enough fibre for an extra large T-shirt or enough to make one square foot of carpet.
- 63 PET bottles (20 oz) yield adequate fibre to make a sweater.
- 14 PET bottles (20 oz) yield enough fibrefill to make a ski jacket.
- 114 PET bottles (20 oz) to make enough fibrefill for a sleeping bag.



CLEAN, GREEN AND SAFE

One resource.
Multiple impact.
For the benefit of
the Company and
the world.

■ NDIA HAS A PET RESIN DEMAND OF ABOUT 500,000 TPA and a recycling capacity of around 300,000 TPA.

Ganesha Ecosphere identified the opportunity to convert waste into wealth in 1995.

The Company enhances stakeholder value at various levels - sustainable income and superior living standard for thousands of rag pickers.

The Company enhances social value through the transformation of PET bottle waste into polyester staple fibre with 33% to 53% lower energy use than virgin fibre coupled with lower carbon emission by around 55% compared to virgin polyester fibres.

The result: The Company's annual recycling of around 2.3 bn bottles saves 0.3 million cubic meters of landfilling, helping make the world a cleaner place to be in.

PET
bottles
recycled
by the
Company

2007-08
0.87
billion

2008-09
1.42
billion

2009-10
1.53
billion

2010-11
2.26
billion

2011-12
2.34
billion

Building Value

Sustainable business growth: Despite an uncertain economic scenario, GESL sustained its growth over the last few years. The Company invested in technology and capacities which increased its market share, helped develop newer products with newer applications and optimised operational costs. The Company is currently the largest player in India with the addition of 25,200 tonnes capacity in the last three years. Besides, the Company extended its marketing presence beyond India to more than 30 countries.

₹in Crore

Revenue and profit matrix	2009-10	2010-11	2011-12
Revenue	198.88	291.29	385.23
EBIDTA	24.30	36.32	43.38
Net profit	9.00	18.01	20.69

Profitability enhancement: The Company increased its scale to enjoy economies and reduce operational costs. It entered across the value-chain and manufactured customised and value-added products, to generate higher realisations.

Strengthening shareholder value: The Company's primary objective is to enhance shareholder value. The Company adopts a balanced strategy of selecting the ratio of dividend pay out with a need to reconcile shareholder reward and business reinvestment.

	2009-10	2010-11	2011-12
Shareholder funds (₹ in crore)	41.90	61.30	83.98
Dividend payout (₹ per share)	1.00	1.20	1.20

Market capitalisation: The Company's strong business model enabled it to strengthen its market capitalisation.

₹in Crore

	2009-10	2010-11	2011-12
Market capitalisation	52.79	87.76	84.43
Enterprise value	107.30	159.94	166.82

Ethical practices: The Company adopted ethical business practices and instituted sound Corporate Governance policies.



Corporate social responsibility

Corporate Social Responsibility is the axis around which the whole business model of GESL revolves. Taking care of the environment is first and foremost in our agenda. Over the years, lifestyles have gone through paradigm shifts and the PET bottle has emerged as an indispensable part of that lifestyle. This resulted in a manifold increase in PET use which simultaneously has resulted in significant growth in PET waste. Since PET takes number of decades to decompose and takes considerable amount of land fill to dispose of the generated waste in the process, protecting the environment becomes

key focus area. Our business model helps in recycling PET waste with intelligent usage of the landfill area, making sure that it's not overexploited. To us waste is not meant to be thrown away and our constant endeavour is to garner something productive out of something which is conventionally labelled as waste.

Moreover, the manufacturing process of virgin polyester fibre takes 33-55% more energy than recycled PET staple fibre. Thus, manufacturing PET staple fibre helps in carbon emission reduction by around 55%.

We are engaged in recycling more than seven million bottles daily, helping keep the ecological balance steady.

Creating sustainable livelihood: The waste collection of the Company is primarily dependent on number of rag-pickers scattered across the country. The Company has around 25 waste collection centres and has multiple vendors to collect waste. Thus indirectly the Company has created means to earn livelihood for a significant portion of the populace and helping them pursue a better life.



CSR is in our DNA

- Recycling more than 2.3 billion bottles annually, helping in saving the environment
- Converting PET waste into safe and value-added products for various applications
- Utilising resources effectively
- Being socially and environmentally responsible
- Working indefatigably towards complying to environmental norms and legal parameters



Management Discussion and Analysis

Economic overview

The developments over the last year in major economies worldwide were not encouraging. There is an apprehension that the global economic recovery process, which began after the 2008 financial crisis, is beginning to stall while the sovereign debt crisis in the eurozone area may persist.

The global economy slowed in 2011, reporting a 3.8% growth as against 5.2% in 2010; it is expected to grow 3.3% in 2012. Emerging economies grew 6.2% in 2011 (7.3% in 2010) and are expected to grow at 5.4% in 2012. Advanced economies grew 1.6% in 2011 (3.2% in 2010) and are expected to grow at 1.2% in 2012 (Source: Economic survey 2011-12).

India's economic growth declined to 6.5% in 2011-12. The growth was the lowest in nine years (including the financial crisis of 2008-

09 when it was 6.7%). The growth of 5.3% in the last quarter of 2011-12 was the slowest in 29 quarters. The fiscal deficit is likely to come down to 5.76%, below the 5.9% of GDP budgeted by the government. The industrial growth slowed sharply in 2011-12. The manufacturing sector's growth remained volatile and concentrated, with seven out of the 22 industry groups reporting negative growth between April and February 2011-12. The eight core industries grew at a subdued 2.2% in April 2012 compared with 4.2% a

year ago. The overall core sector output expanded 4.4% in 2011-12, the lowest in three years. The non-performance of the infrastructure industries shows that basic inputs are becoming scarcer, indicating both supply choke-points and weak demand. New order formation for the manufacturing sector remained stagnant compared with the peak of 2010-11. Capacity utilisation dropped, resulting in surplus productivity in the cement and thermal power generation segments (Source: The Economic Times).

World output (%)	2010	2011	2012 (P)	2013 (P)
World output	5.2	3.8	3.3	3.9
Advanced economies	3.2	1.6	1.2	1.9
Emerging economies	7.3	6.2	5.4	5.9

[Source: World Economic Outlook, IMF January 24, 2012]

PET industry overview

PET is a versatile plastic used for packing beverages, food, personal and homecare material, pharmaceuticals, consumer and industrial products. It achieved global recognition as a preferred packaging material owing to its hygiene, strength, lightness,

durability, inertness, economy, attractiveness and freshness-retention capacity. Global food and health-safety bodies approved PET as a safe alternative for food and beverage packaging.

The result: PET consumption increased in the past 15 years over other alternative

packaging materials (aluminium, glass, paper and others). This is evident by virtue of the increased demand for PET in the beverage packaging industry, which grew at a CAGR of 7.5% in 15 years compared with 2.2% for aluminium and 1.5% for glass. Understandably, the product is consolidating

its presence across sectors and countries (Source: SBA CCI, Euromonitor, IVL Analysis).

Strong growth in end-user industries and a preference for PET as a packaging material strengthened PET offtake; in the domestic market, it clocked an impressive ~35% CAGR during FY06-11. Despite a steep rise in domestic PET consumption, India's per capita PET consumption is still at a low 0.3 kg compared with the global average of 2.3 kg, leaving room for growth (Source: Crisil).

The global consumption of PET packaging will grow to almost 19.1 million tonnes by 2017 predicts Smithers Pira. Driven mainly by increasing demand in emerging and transitional economies, the market will grow 5.2% per annum especially in the Asia Pacific, South and Central America, Central and Eastern Europe as well as in the Middle East and Africa. Barrier PET bottles and jars for juices, milk, tea, beer, wine and food, are forecast to register strong growth over 2012-17.

The developing countries of Asia Pacific,

South America and Central and Eastern Europe will show higher growth for PET packaging as a result of growing real incomes and the replacement of traditional pack formats by PET bottles. Asia Pacific overtook North America and Western Europe during 2007-12 to become the largest regional market for PET packaging. Asia Pacific accounts for a projected 29.4% of world PET packaging consumption in 2012, followed by North America with 24.1% and Western Europe with 19.7%.

PET demand in India's packaging industry

Year	Domestic demand (tonnes)	Growth over last year
2006-07	147,918	49%
2007-08	177,424	20%
2008-09	243,508	37%
2009-10	309,233	27%
2010-11	408,723	32%
2011-12	500,000	22%

In India, PET bottles enjoy a high demand in the packaging of soft drinks, edible oil, water, ketchup, hair oil and other liquid consumer products. The demand for PET stretch bottles in India is growing at 25% per annum in volume, derived from the replacement of glass, high-density polyethylene (HDPE) and polypropylene (PP) bottles.

The increased use of PET bottles is resulting in growing waste generation, widening recycling opportunities.

Polyester fibre industry overview

Polyester is the common man's fabric in terms of price, durability and comfort. Following growth in the economy and a growing middle-class, the per capita consumption of polyester fabric is also set to rise through an increase in clothing and non-

clothing applications covering the textile and industrial sectors.

Global market overview: The global fibre usage was more than 51 million metric tonnes in terms of man-made fibre and nearly 30 million metric tonnes when it came to natural fibre in 2011. This represents a growth of 1% over 2010. Per capita consumption increased by nearly 12 kilograms. In recent times, man-made fibre usage has received a slow but steady fillip, while natural fibre usage dwindled.

The surge in cotton prices to an all-time high contributed to the overall rise in fibre prices, although the price differential with polyester increased. Viscose staple fibre prices were at par with cotton prices. Within man-made fibres, polyester's market share grew to 73%. (Source: www.Textileworld.com)

Indian market overview: India is eyeing an almost 10% annual growth in the polyester fibre category. India has the advantage of being self-sufficient in polyester. In 1980, India had an 80:20 consumption ratio of cotton and polyester, which is now 60:40. A nine per cent growth per annum in polyester consumption is expected. While polyester fibre capacity in India is estimated at 4.5 million tonnes per annum, it is expected to grow by 1.5 million tonnes by March 2013. The per capita consumption of textile fibres in India is 4-5 kg.

The demand for PSF or polyester staple fibre is expected to rise gradually in 2012-13. Over the next five years, PSF consumption will grow at a CAGR of 6.5-7% (Source: Crisil). The production of man-made fibre rose to 1281 million kg in FY11 from 1139 million kg in FY07; the CAGR in the production of man-

made fibres during the period was 3% (Source: IBEF).

By 2030, fibre usage is expected to be at around 140 million tonnes per annum. Since cotton competes with food crops for arable land, there are few indicators of a rise in global cotton output in the future. Considering that the cotton value chain consumes a large amount of water, obtaining this resource in the future could prove strenuous. The gap between fibre demand and supply can only be sustainably addressed through man-made textile fibres (Source: Business Standard, Nov 19, 2011).

Growth drivers

■ **Geo-textiles:** Economic stability in India boosted demand for roads, railways, highways, bridges, canals and dams. The Federation of Indian Chambers of Commerce and Industry (FICCI) projects a 20% increase in the geo-textile sector. Geo-textiles enhance design, durability, cost-effectiveness and aesthetics of infrastructure projects. Demand is expected to grow 10-12% through 2013. The Union Budget 2012-13 allotted ₹500 crore to start a pilot scheme in the 12th Five Year Plan for the promotion and application of geo-textiles.

■ **Medical textiles:** Specialised textiles usage in the country's healthcare sector is expected to touch \$ 1 billion by 2016-17, owing to rapid growth in the medical segment. The specialised or technical textile segment is engaged in producing a specialised variant of what is used by industries. The country's healthcare industry is estimated at USD 40 billion and likely to reach USD 142 billion by 2020, according to a study done by IndiaMART Knowledge Services. Therefore, the use of technical textiles like artificial implants and baby diapers in the healthcare sector is likely to reach USD 1 billion by 2016-17 from USD 409 million presently (Source: Economic Times, May 31, 2012).

■ **Technical textiles:** As per the Ministry of Textiles, the technical textiles industry is forecast to grow to ₹1,58,000 crore by 2016-17, with a projected growth of 20%. The industry grew to ₹63,000 crore in 2011-12 from ₹41,000 crore in 2010-11, representing 11% growth per annum, (Source: Economic Times, Oct 10, 2011).

As per the Indian Technical Textile Association (ITTA), the Indian technical textile sector is poised to register growth in the coming years. In the Union Budget 2012-13, the basic customs duty on raw materials for manufacturing adult diapers reduced from 10% and 7.5% to 5% with a countervailing duty of 6% (special countervailing duty withdrawn).

The Budget also proposed a ₹5,000 crore, India Opportunity Venture Fund to catalyse the development of small and medium companies in the technical textile sector. India's technical textile market could grow four-fold to become a \$37 billion industry by 2020, provided issues such as a lack of investment and absence of research and development are addressed.

A report by FICCI-Technopak stated that the Indian technical textiles market has been registering a growth of 11.25% per annum, which now stands at \$8.25 billion. The government is set to launch USD 44.21 million mission for the promotion of technical textiles, while the Finance Ministry has cleared setting up four new research centres covering products like mosquito and fishing nets, shoe laces and medical gloves. The global technical textile industry is estimated at USD 127 billion and its size in India is pegged at USD 11 billion.

■ **Paper industry:** As per the Indian Pulp and Paper Technical Association (IPPTA), the paper industry is expected to grow 7% per annum. From the current level of about ₹30,000 crore, the turnover of the industry is likely to

touch the ₹60,000-crore mark by 2025. The paper, paperboards and newsprint consumption in the country could grow to 17 million tonnes per annum from 12 million tonnes per annum in five years (Source: Business standard, 1st March, 2012).

Segment-wise and product-wise performance

The Company has two geographical segments – domestic and exports. The Company earned 80% of revenue from the domestic market while 20% of revenue was contributed by exports. Product-wise, the Company generated 89% sale from waste recycling and 11% from yarn processing.

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 comprising directors reviews the adequacy and efficacy of the internal control systems and procedures regularly.

Human resource

GESL encourages a continuous learning environment, promoting meritocracy. During the year under review, the Company's employee strength is more than 1,000. The Company was engaged in imparting functional and attitudinal training to employees to ensure maximum productivity. Besides, the Company's other initiatives comprised a structured recruitment process as well as a fair and unbiased performance appraisal system with an inbuilt feedback system.

BUSINESS DRIVERS

01 Raw material management

Highlights 2011-12 ■ Recycled 2.3 bn PET bottles against 2.2 bn in 2010-11
■ Expanded procurement network in new geographies

The key raw material for the Company is waste PET containers. The Company created a robust pan-Indian network of collection centres and rag pickers. The Company recycles seven million PET bottles a day on an average. The Company developed a

strong network of scrap dealers for abundant PET waste supply. Critical raw material management comprises the sorting and cleaning of PET waste. The Company invested in sophisticated imported cleaning technology for a better feeding of raw

material to manufacturing units. Going ahead, the Company will enhance raw material access to feed its expanding production capacities.

02 Marketing

Highlights 2011-12 ■ Increased revenues 32.25% from ₹291.29 crore in 2010-11 to ₹385.23 crore
■ Increased average realisation by 15.78%
■ Introduced spun yarn made from 100%-own recycled PSF

Marketing plays an important role in the Company's overall business strategy as the Company's product competes with virgin fibres. The Company has a dedicated

marketing team to address growth coming out of the domestic and international markets. The Company created a wide product basket, accelerating marketing across

diverse sectors. The Company has a presence in 33 countries. The Company is a preferred supplier for numerous textile companies and automobile ancillary units.

03 Operations

Highlights 2011-12 ■ Increased production 14% from 40,543 tonnes in 2010-11 to 46,207 tonnes

The Company has been a part of the industry for the past 17 years and is involved in the production of polyester staple fibre from PET waste. The Company made significant investments to upgrade the machinery across two manufacturing units (Kanpur and Rudrapur). The manufacturing process hinges on two crucial aspects namely, waste collection and cleaning. Keeping this in mind the Company created a strong network of waste collection centres with pan-India

presence. These centres procure used-PET bottles from rag pickers and transfer the material to the manufacturing units after primary sorting.

The Company has an in-house R&D team at both the units to catalyse product quality and new product development. The team's rich experience enabled it to manufacture coloured polyester fibres. Going ahead, the Company will enhance capacity, strengthen process efficiency and new product

development.

Quality: The Company also invested in a dedicated quality control team to monitor and ensure consistency in quality and adherence to the quality control norms. The Company's manufacturing units are ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 certified, reinforcing commitment towards quality control and best manufacturing practices.

Finance review

Basis of preparation

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 recognised on accrual basis except those with significant uncertainties.

Highlights

An increase in the Company's income from operations by 32.25% in 2011-12 indicates that the Company grew despite various challenges.

Snapshot of performance

₹crore)				
Particulars	2011-12	2010-11	% growth	Implications
Total revenue	387.20	292.97	32.16	Better product marketing, enhanced realisation
EBIDTA	43.38	36.32	19.44	Highlighting profitability and robust operating cost management
PAT	20.69	18.01	14.88	Increase in shareholder value
Cash Profit	31.69	26.91	17.76	The Company has better liquidity position

Analysis of statement of Profit & Loss

■ Total revenue increased 32.16% from ₹292.97 crore in 2010-11 to ₹387.20 crore in 2011-12 owing to increased offtake, superior realisations and entry into newer geographies. Other income increased 15.65% from ₹1.47 crore in 2010-11 to ₹1.70 crore in 2011-12 owing to an increase in interest income, profit from foreign exchange fluctuation and increase in other non-operating income. Other income as a

proportion of total income was only 0.44%, reflecting the Company's focus on core operations.

■ Operating expenses increased 33.99% from ₹256.61 crore in 2010-11 to ₹343.82 crore in 2011-12, largely driven by the increased scale of operations and inflation. Total expenditure as a proportion of total revenue was 94.48% in 2011-12 against 93.16% in 2010-11

■ Raw material expenses increased from ₹195.78 crore in 2010-11 to ₹271.82 crore

in 2011-12. As a percentage of the total cost, the same increased from 71.74% in 2010-11 to 74.30%. The cost of raw materials increased due to an increase in rag picker charges.

■ People cost increased 46.35% from ₹11.37 crore in 2010-11 to ₹16.64 crore in 2011-12. People cost increased from 4.17% of the total cost in 2010-11 to 4.55% in 2011-12.

■ Other expenses (power and fuel cost, consumption of stores and spares and repair costs, among others) declined from 19.54%

of the total cost to 18.07% in 2011-12 owing to better cost management.

Balance Sheet analysis

Capital employed: The total capital employed (net worth and long-term liabilities) increased 25% over the previous year. The growth was mainly due to higher reserves which increased 59.07% over the previous year.

Net worth: The Company's net worth increased 39.93% from ₹56.80 crore as on 31st March, 2011 to ₹79.48 crore as on 31st March, 2012 largely owing to an increase in reserves and surplus arising from profit growth as well as increase in share premium. As a proportion to total capital employed, the net worth strengthened from 39.01% in 2010-11 to 43.77% in 2011-12. The average return on net worth declined from 30.62% as on 31st March, 2011 to 25.11% as on 31st March, 2012.

Equity: The equity share capital of the Company (comprising 15186000 equity shares of ₹10 each), increased from ₹13.67 crore as on 31st March, 2011 to ₹15.18 crore as on 31st March, 2012 owing to the issue of fresh equity shares. The book value per share increased from ₹40.46 per share in 2010-11 to ₹56.13 per share in 2011-12 owing to an increase in net worth.

Reserves and surplus: The reserves and surplus increased 59.05% from ₹40.42 crore as on 31st March, 2011 to ₹64.29 crore as on 31st March, 2012 mainly owing to an increased ploughback of profits. Around 65.96% of the reserves were free reserves as

on 31st March, 2012 (83.05% as on 31st March, 2011).

Loan funds: Loan funds increased 15.93% from ₹66.80 crore as on 31st March, 2011 to ₹77.44 crore as on 31st March, 2012 owing to increased scale of operations as well as ongoing expansion project. The long-term debt-equity ratio of 0.64 as on 31st March, 2012 (0.96 as on 31st March, 2011) was on the lower side, providing comfortable leverage position.

Interest outflow increased 48.85% from ₹7.41 crore in 2010-11 to ₹11.03 crore owing to increased interest rates and enhanced borrowings (short-term and long-term). Correspondingly, interest cover declined from 3.72x in 2010-11 to 2.94x in 2011-12.

Application of funds

Gross block: The gross block increased 15.68% from ₹131.73 crore as on 31st March, 2011 to ₹152.38 crore as on 31st March, 2012, largely owing to the ongoing expansion plans and installation of additional equipment.

Depreciation and amortisation increased 23.62% from ₹8.89 crore to ₹10.99 crore, owing to an increase in gross block. Accumulated depreciation as a proportion of gross block stood at 32.48% in 2011-12 reflecting the newness of the gross block.

Working capital management: Net current assets increased from 27.30% from ₹5.46 crore as on 31st March, 2011 to ₹6.95 crore as on 31st March, 2012 signifying better liquidity position. There was a marginal

change in current ratio which stood at 1.08 in 2011-12 against 1.09 in 2010-11

■ Inventories increased 45.24% from ₹32.58 crore as on 31st March, 2011 to ₹47.32 crore as on 31st March, 2012. The increase was mainly due to increased scale of operations. The average inventory cycle marginally increased from 41 days of turnover equivalent in 2010-11 to 42 days in 2011-12.

■ Debtors balance increased 22.76%, from ₹25.35 crore as on 31st March, 2011 to ₹31.12 crore as on 31st March, 2012. The debtors' cycle marginally increased from 24 days of turnover equivalent in 2010-11 to 27 days in 2011-12 owing to increased scale of operations. Debtors outstanding for more than six months comprise only 0.35% of the total debtors as 31st March, 2012 against 0.38% as on 31st March, 2011.

■ The total current liabilities and provisions increased 41.60%, from ₹63.56 crore as on 31st March, 2011 to ₹90 crore as on 31st March, 2012.

Cash and bank balance

The cash and bank balance increased 31.87%, from ₹7.72 crore as on 31st March, 2011 to ₹10.18 crore as on 31st March, 2012.

Taxation

The Company's total tax liability declined 67.65%, from ₹2.04 crore in 2010-11 to ₹0.66 crore in 2011-12 owing to MAT credit entitlement in its Uttarakhand unit.



RISK IS DEFINED AS AN EXPRESSION OF THE UNCERTAINTY about events that can have a significant impact on performance and profitability of a company.

Ganesha Ecosphere's risk management strategy

At Ganesha Ecosphere, risk management is a continuous process of identifying, assessing and evaluating risks and taking proactive measures to minimise or eradicate potential losses arising due to an exposure to particular risks.

The consistent implementation of this framework is monitored through audits and reviews, resulting in an accurate understanding of the Company's competitive position. In doing so, the Company takes decisions that balance risks and rewards.

01 Competition risk

Risk explanation Increased competition could affect realisations and in turn, affect the Company's market share.

Risk mitigation:

- The Company invested in a recycling capacity of 57,600 TPA – the largest in India, enabling the Company to enjoy economies of scale, resulting in better margins.

- Around 50% of the revenues of the Company was secured from clients associated with for more than five years
- The Company possesses a market share of around 19%

- The Company offers one of the large and diversified product range to catering to the demand for various user industries

02 Raw material risk

Risk explanation Inability to procure raw materials at the right time and price could affect operational continuity. The rising collection and transportation cost for large scale collection and processing of PET bottle waste is a key challenge.

Risk mitigation:

- PET consumption increased significantly in 15 years over other alternative packaging materials. This is best reflected in global PET demand increase for beverage packaging,

growing at a CAGR of 7.5% in 15 years

- With more than 25 waste collection centres across the country, the Company easily procures raw materials

- Besides, the Company also has a network of waste vendors spread across the country
- Strong procurement network in different regions of the country, to control the average raw material cost.

03 Industry risk

Risk explanation Any slowdown in demand in downstream industries could affect profitability.

Risk mitigation:

- India is eyeing almost 10% annual growth in the polyester fibre category.

- The Company's products are cost-effective substitutes of other natural and man-made fibres, eco-friendly, and target multiple user segments

- With the growing consciousness about environment-friendly products, the use of recycled products are on the rise

04 Marketing risk

Risk explanation Ineffective product marketing could result in reduced margins.

Risk mitigation:

- The Company's strong marketing team and long-standing customer relationship.

- The Company is continuously increasing its product range for wider market penetration
- The Company is looking to find more

applications for its products in order to penetrate the market effectively

05 Working capital management risk

Risk explanation Inability to manage working capital can affect the day-to-day working of the Company.

Risk mitigation:

- The inventory cycle stood at 42 days
- Cash cycle has marginally increased to 47

days in 2011-12 from 46 days in 2010-11

- Cash cycle has decreased to 47 days in 2011-12 during last five years from 76 days

in 2007-08 reflecting better working capital management.

06 Funding risk

Risk explanation Funding risk is a form of liquidity risk which arises when the liquidity needed to fund illiquid asset positions cannot be obtained at expected terms as and when required. Unavailability of funds at a lower cost could impact profitability and lack of adequate funds could impact the business as a whole.

Risk mitigation:

- The Company possessed cash and cash equivalents of ₹10.17 crore as on 31st March, 2012

- The Company's overall debt-equity stood at a comfortable 0.64 (as on 31st March, 2012), reflecting its ability to raise additional resources

- The Company's interest cover stood at 2.94, reflecting superior debt servicing capabilities

07 Currency risk

Risk explanation With a substantial amount of exports, it is one of the important risks for Ganesha Ecosphere. A downturn in the currency value in which the Company is dealing in, may lead to huge losses or reduced profits for the Company.

Risk mitigation:

- Forward contracts help the Company to hedge the currency risk

- The Company's export sales account for only 20% of the overall sales, reducing its foreign exchange exposure

- The Company reviews its foreign currency exposure periodically and takes suitable measures

BOARD OF DIRECTORS

Mr. Shyam Sunder Sharmma | Chairman-cum-Managing Director

Mr. Shyam Sunder Sharmma, aged about 70 years, is a Post-graduate in Commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 48 years including 25 years with various Birla group Companies in senior positions.

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

Mr. Sharad Sharma | Joint Managing Director

Mr. Sharad Sharma, aged about 46 years, is a commerce graduate and having more than 20 years of experience in marketing and administration.

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

Mr. Vishnu Dutt Khandelwal | Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged about 63 years, is a Post-graduate in Commerce and has rich experience in the field of Accounting and Financial Management. He also possesses a rich experience of over 39 years in textile yarn trading.

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

Mr. Rajesh Sharma | Executive Director

Mr. Rajesh Sharma, aged about 43 years, is a commerce graduate with rich experience spanning over 22 years in plant administration and operations.

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

Mr. Vishwa Nath Chandak | Non-Executive/Independent Director

Mr. Vishwa Nath Chandak, aged about 75 years, is an M.Com., LL.B. and has experience of over 37 years of working as a Senior President in Eastern Spinning Mills & Industries Ltd.

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

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

Mr. Surendra Kumar Kabra | Non-Executive/Independent Director

Mr. Surendra Kumar Kabra, aged about 68 years, is B.Com., LL.B. and also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 44 years in the textile industry.

He had been the Managing Director for over 11 years in Shree Manufacturing Company Ltd. and has over 25 years experience of working in various capacities in Birla Group Textile Companies. He has been running his own textile business for the last 16 years.

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

Mr. Satpal Kumar Arora | Nominee Director

Mr. Satpal Kumar Arora, aged about 54 years, is a Post Graduate in Commerce, a Law Graduate, an Associate Member of the Institute of Company Secretaries of India, an Associate Member of ICWAI, a Diploma holder in Labour Laws and a Certified Associate of Indian Institute of Bankers. Shri Arora has 30 years of professional experience. He is presently holding the position of Managing Director of IFCI Venture Capital Funds Limited.

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

Mr. Pradeep Kumar Goenka | Non-Executive/Independent Director

Mr. Pradeep Kumar Goenka, aged about 58 years, is a member of the Institute of Chartered Accountants of India. He brings a rich professional experience of over 36 years in the field of finance and related consultancy services.

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

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

Mr. Anoop Gupta | Non-Executive/Independent Director

Mr. Anoop Gupta, aged about 54 years, is a Chartered Accountant and Cost Accountant, with additional qualifications in Law and Company Secretarial practices. He has three decades of diverse International experience in areas of Business Development, Corporate Finance, Strategy, Banking, Fund Management, Investment Product Engineering, Auditing and broad-spectrum Business Consulting. Mr. Gupta founded Concept Management Consulting Limited in 1998, and is presently the Managing Director of the company.

He was appointed on the Board in May, 2012.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Statements of Accounts of the Company for the financial year ended 31st March, 2012.

Financial Results

The summarised financial results of the Company for the year ended 31st March, 2012 as compared to the preceding year are as under:

	Current Year (2011-12)	Previous Year (2010-11)
Total Revenue	38720.42	29296.82
Profit before Finance Costs and Depreciation & Amortisation Expense	4338.84	3636.33
Less: Finance Costs	1103.13	741.13
Less: Depreciation & Amortisation Expense	1098.92	889.93
Profit before Tax	2136.79	2005.27
Tax Expense	66.91	203.74
Profit after Tax	2069.88	1801.53
Surplus brought forward from Previous year	3265.50	1812.90
Balance available for appropriation	5335.38	3614.43
Less: Appropriations:		
Taxation/ MAT Credit adjustments for earlier years (Net)	21.38	11.44
Reserves		
- General	51.75	45.04
- Debenture Redemption	899.69	49.50
Proposed Dividend		
- Preference Shares	45.00	45.00
- Equity Shares	182.23	164.04
Tax on Proposed Dividend	36.86	33.91
Surplus carried to Balance Sheet	4098.47	3265.50

Financial and Operational Performance

During FY 2011-12, your Company recorded revenue from operations (net) of ₹38550.61 lacs as compared with ₹29149.54 lacs in 2010-11, thus registering a substantial growth of 32.25 % over the last year. The profit after tax during 2011-12 is increased by 14.90%, being ₹2069.88 lacs as against ₹1801.53 lacs in 2010-11, which is considered satisfactory considering the present market scenario. Despite the challenging economic conditions resulting in inflation and slowdown in demand, we have been able to achieve satisfactory results, during the year. The Company's performance was driven by higher volumes along with improved efficiencies.

During 2011-12, the Company recorded export revenue of ₹7901.35 lacs as against ₹4762.21 lacs in 2010-11, thus registered a significant growth of 65.92% over the last year despite global slowdown.

Operational results of financial year under review reflect our ability to control costs, our continued investment in strategic initiatives to improve volume and profitability which in turn helped the Company to deliver superior results.

The Company's expansion plans to increase its existing recycling capacity by 30000 TPA and setting up of project for manufacturing of spun yarn with an installed capacity of 25920 spindles are progressing satisfactorily. These projects are being funded through a judicious mix of internal accruals and borrowings.

During the year, 15,16,000 Equity Shares have been allotted to 'Promoters' on Preferential basis consequent upon conversion of outstanding Warrants and the proceeds of the issue have been utilised for general corporate purposes/ expansion projects. With the said allotment, the total Paid-up Equity Share Capital of the Company stood increased from ₹1367.00 lacs to ₹1518.60 lacs.

The Company has redeemed 4,00,000, 10% Cumulative Redeemable Preference Shares (Series II) of ₹100/- each at par, on the due date of redemption i.e. 31st July, 2012.

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

Dividend

Your Directors are pleased to recommend for approval of the members, a dividend of ₹1.20 per share (i.e. @ 12%) on Equity Shares of ₹10/- each, involving cash outflow of ₹2,11,79,459 (inclusive of dividend distribution tax of ₹29,56,259/-), and ₹10/- per share on 10%

Cumulative Redeemable Preference Shares (Series I & II) of ₹100/- each, involving cash outflow of ₹52,30,013/- (inclusive of dividend distribution tax of ₹7,30,012/-), for the financial year 2011-12.

In view of redemption of 4,00,000, 10% Cumulative Redeemable Preference Shares (Series II) on 31st July, 2012, the dividend accumulated thereon till the date of redemption, had been declared and paid on these shares as interim dividend.

Management Discussion and Analysis

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

Directors

In order to broad base the Board, Shri Anoop Gupta has been inducted on the Board of Directors of the Company as an Additional Director on 26.05.2012, who holds office up to the date of ensuing Annual General Meeting and is eligible for appointment as Director of the Company.

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Shri Vishnu Dutt Khandelwal and Shri Surendra Kumar Kabra, Directors of the Company retire from the Board by rotation and being eligible, they have offered themselves for re-appointment.

Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors of the Company, in respect of the financial year ended 31st March, 2012, confirm that: -

- in preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for that year;
- 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;
- they have prepared Annual Accounts on a 'going concern' basis.

Auditors and Auditors' Report

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

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

Cost Auditor

M/s. R. M. Bansal & Co., Cost Accountants (Firm Regn. No.: 00022), have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its Textile products for the financial year 2011-12 and the Cost Audit Report will be filed with the Central Government by the due date i.e. 31st December, 2012.

Details of Cost Audit Report for the financial year ended 31st March, 2011:-.

(a) Due date of filing: 27th September, 2011

(b) Actual date of filing: 22nd September, 2011

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

As per the requirement of Section 217(1)(e) of the Companies Act, 1956,

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

Particulars of Employees

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

Corporate Governance

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

Acknowledgements

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

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

For and on behalf of the Board

Place : Kanpur
Date : 13th August, 2012

(Shyam Sunder Sharma)
Chairman and Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH, 2012.

I. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

Conservation of Energy has always been of immense importance for the management and is being monitored on a continuous basis. In its endeavour to reduce and optimise energy consumption at manufacturing facilities, the Company has taken following important measures:

- i) Close monitoring of power consumption to minimise wastage and facilitate optimum utilisation of energy.
- ii) Scheduled maintenance and repairs of all the equipments and machinery are carried out to ensure optimum efficiency.
- iii) Maximise use of energy saving devices like fluorescent tube lights CFLS (Compact Fluorescent Lamps) and LED in replacement of Conventional lights.
- iv) Optimisation of voltage and current.
- v) Use of variable frequency drive for various applications.
- vi) Optimisation of process to enhance production.
- vii) Optimum utilisation of Compressed air.
- viii) Installation of capacitor banks to improve power factor.
- ix) Installation of transparent sheet in roof to utilise the natural light.

(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 various controlled Energy Conservation Measures undertaken by the Company have yielded encouraging results. Efforts are in line to optimise energy productivity through ongoing planned measures.

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

FORM A

A. Power and Fuel Consumption:	Current year (2011-12)	Previous year (2010-11)
1. Electricity		
(a) Purchased		
Unit (KWH in lakhs)	363.50	293.24
Total amount (₹ In lakhs)	1632.65	1329.22
Rate/ KWH (in ₹)	4.49	4.53
(b) Own Generation		
(Through Diesel Generators)		
Unit (KWH in lakhs)	23.24	37.71
Unit per Litre of Diesel Oil	3.57	3.38
Cost/ unit (in ₹)	10.45	10.53
2. Coal		
Quantity (in tonnes)	2470.60	1151.34
Total Cost (₹ in lakhs)	194.06	59.06
Average rate (Cost per tonne)(in ₹)	7854.95	5129.33
3. Others (Rice Husk)		
Quantity (in tonnes)	16843.99	20178.88
Total Cost (₹ in lakhs)	651.95	719.31
Average rate (Cost per tonne)(in ₹)	3870.55	3564.67
B. Consumption per unit of production		
Production of Polyester products (Kgs. in lakhs)	436.71	422.61
(Including job work production)		
Electricity (in KWH)	0.89	0.78
Coal (in Kgs.)	0.06	0.03
Rice Husk (in Kgs.)	0.39	0.48

II. TECHNOLOGY ABSORPTION

FORM B

Research and Development (R&D)

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

The Company with its in-house research and development facility is looking forward to widen its product basket in order to penetrate the market effectively. The R&D activities carried out by the Company are dedicated to the development of new products and continuous improvement in process, quality and cost of existing products.

The Company concentrated in its R&D to achieve significant development in quality and to make the products that comply with changing customer needs. The Company has developed 1.5 dn and 3 dn

dope dyed coloured fibres in different cut lengths suitable for all types of spinning systems for the spinning of yarns and automotive non-wovens. The Company has introduced around 90 dope dyed colours which are tailor-made to suit the individual customer requirement. These dope dyed colours are cost-effective and have better spinability and thus replaces the conventional batch dyeing system. The Company has also introduced dope dyed coloured fibres suitable for automotive non-woven carpets/ technical textiles which goes in a very sensitive application and replacing the conventional use of polypropylene fibre which is comparatively much costlier.

Besides this the Company has also established a Quality Control

Department to monitor and ensure consistency in quality and adherence to quality standards norms.

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

- Continuous improvement in achieving the higher standard of quality products and customer satisfaction.
- Sales and Profits of the Company have increased due to new or improved products, processes and systems.
- Widened product basket has helped earn economies of scale.
- Enhanced operational productivity and efficiency.
- Reduced wastage of resources.
- Helped in building competition

3. Future plan of action:

The Company will further do the systematic utilisation of the knowledge or understanding gained from research towards the production of useful materials, devices, systems, or methods with a focus on cost reduction and quality improvement. The Company will improve the quality parameters of existing products and will continue with its

activities in the field of R&D of new products.

4. Expenditure on R & D:

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

Technology absorption, adaptation and innovation

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

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

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

Product improvement, product development, energy saving, enhanced operational productivity and efficiency etc.

3. Technology Imported:

Details of technology imported during the last 5 years:

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

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports:

Exports during the year were ₹7690.30 lacs (FOB value).

2. Initiatives taken to increase exports:

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

3. Development of New Export Markets:

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

4. Export Plans:

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

The details with regard to Foreign Exchange earnings and out go are as under:			(₹ in lacs)
A. Power and Fuel Consumption:	Current year (2011-12)	Previous year (2010-11)	
A) Foreign Exchange earnings (F.O.B. Value)	7690.30	5024.10	
B) Foreign Exchange outgo:			
1. Import of - Raw Materials/Traded Goods	1525.65	507.29	
(C.I.F. Value) - Capital Goods	388.01	493.83	
- Stores & Spares	207.73	160.53	
2. Expenditure on - Travelling	10.49	5.07	
- Interest	101.39	0.00	
- Commission	18.03	4.71	
- Others	0.19	0.01	

ANNEXURE 'B' TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 FOR THE YEAR ENDED 31ST MARCH, 2012.

Name	Qualification & Age in years	Designation	Nature of Duties	Total Remuneration (₹)	Experience (No. of years)	Date of commencement of employment	Last Employment with designation
Shri Shyam Sunder Sharmma	M. Com, 69	Chairman Cum Managing Director	Looking after the overall Management, Strategic Planning and Development of the Company	72,07,943	48	19th June, 1989	Vardhan Syntex (Sr. Vice President)

Notes:

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

For and on behalf of the Board

Place : Kanpur
Date : 13th August, 2012

(Shyam Sunder Sharmma)
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

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 strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision- making. The Company believes that the governance process should ensure that the resources employed must be 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 AGM and details of Membership of Other Boards / Committees:

The Board has an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The composition of the Board of Directors and other relevant details as on 31st March, 2012 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 28.09.2011	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	4	4	Yes	1	1	Nil
Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	4	3	Yes	1	2	Nil
Mr. Sharad Sharma	Promoter Executive Director	4	4	Yes	1	1	Nil
Mr. Rajesh Sharma	Promoter Executive Director	4	2	No	1	Nil	Nil
Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	4	3	No	2	1	Nil
Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	4	4	Yes	4	2	4
Mr. Vishwa Nath Chandak	Non-Executive/ Independent Director	4	3	No	1	1	Nil
Mr. Satpal Kumar Arora*	Non- Executive/ Independent Director	4	2	No	9	4	Nil

*Mr. Satpal Kumar Arora represents IFCI Venture Capital Funds Limited 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 four times during the year. The details of the Board Meetings are as under:

Sl. No.	Date of Meeting	Board strength	No. of Directors Present
1	28.05.2011	8	6
2	05.08.2011	8	8
3	07.11.2011	8	5
4	10.02.2012	8	6

3. Audit Committee

Composition:

The Company has an Audit Committee which was reconstituted in the Board Meeting held on 28.05.2011. As on 31.03.2012, 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. Satpal Kumar Arora.

Mr. Pradeep Kumar Goenka and Mr. Surendra Kumar Kabra are Senior 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 and Mr. Satpal Kumar Arora is M.Com, LL.B, ACS, ACMA and has rich professional experience of 30 years.

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

Terms of Reference:

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

Brief description of terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

■ 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

■ Changes, if any, in accounting policies and practices and reasons for the same

■ Major accounting entries involving estimates based on the exercise

of judgment by the management

■ Significant adjustments made in the financial statements arising out of audit findings

■ Compliance with listing and other legal requirements relating to financial statements

■ Disclosure of related party transactions

■ 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, reappointment and the remuneration and, if required, the replacement or removal of Cost Auditors.

15. Reviewing the reports of the Company's Cost Auditors and Statutory Auditors.

16. To review the following information:

■ Management Discussion and Analysis of financial conditions and results of operations,

- Statement of significant related party transactions,
 - Management letter(s) of internal control weaknesses, if any, issued by statutory auditors,
 - Internal Audit Reports relating to internal control weaknesses and
 - Appointment, removal and terms of remuneration of internal auditor.
17. Carrying out such other functions as may be specifically referred

to the Committee by the Board of Directors of the Company.

Meetings:
During the financial year ended 31st March, 2012, four Audit Committee Meetings were held on 28.05.2011, 05.08.2011, 07.11.2011 and 10.02.2012. 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:

Sl. 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	3
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	4	3
4.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	4	3
5.	Mr. Satpal Kumar Arora ^{\$}	Non- Executive/ Independent Director	3	1

\$ Mr. Satpal Kumar Arora was appointed as Member of the Committee w.e.f. 28.05.2011.

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 28th September, 2011.

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, 2012, one Remuneration Committee Meeting was held on 05.08.2011.

Details of Attendance at the meeting are as follows:

Sl. 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	1	1
2.	Mr. Pradeep Kumar Goenka	Non- Executive/ Independent Director	Member	1	1
3.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	Member	1	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 2011-12:

I. EXECUTIVE DIRECTORS:

The Company pays remuneration to the Executive Directors by way of salary, perquisites and allowances (fixed component) and performance linked remuneration (variable component). The amount of performance linked remuneration payable to such Directors is determined by the Board.

The Details of remuneration are as follows:

Name of Director	Status	Salary & Allowances	Perquisites	Performance linked remuneration	Tenure
Mr. Shyam Sunder Sharmma	Chairman & Managing Director	₹15,00,000/-	₹5,40,000/-	₹51,67,943/-	5 years (from 18th September, 2010)
Mr. Vishnu Dutt Khandelwal	Executive Vice Chairman	₹12,00,000/-	-	₹42,67,942/-	5 years (from 19th June, 2008)
Mr. Sharad Sharma	Joint Managing Director	₹12,00,000/-	-	₹42,67,942/-	5 years (from 1st February, 2009)
Mr. Rajesh Sharma	Executive Director	₹16,20,000/-	-	₹42,67,942/-	5 years (from 19th June, 2008)

II. NON-EXECUTIVE DIRECTORS:

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

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. They are paid sitting fees at the rate of ₹5,000/- per meeting for attending every Board Meeting as well as Audit Committee Meeting. In the light of the services rendered by the

NEDs to the Company, the Members, at the 18th Annual General Meeting of the Company approved payment of remuneration to NEDs of the Company, by way of commission @ 1% on the net profit of the Company (in accordance 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 2011-12 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 28.05.2011).

The details of sitting fee paid and commission payable to such directors for the year 2011-12 are as follows:

Name of Director	Sitting Fees	Commission
Mr. Surendra Kumar Kabra	₹30,000/-	₹3,75,000/-
Mr. Pradeep Kumar Goenka	₹40,000/-	₹5,00,000/-
Mr. Vishwa Nath Chandak	₹30,000/-	₹3,75,000/-
Mr. Satpal Kumar Arora*	₹15,000/-	₹2,50,000/-

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

The Shareholding of Non-Executive Directors in the Company as on 31.03.2012 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:

Sl. No.	Name of Director	Category	Meetings Held	Meetings Attended
1	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive/ Independent Director	36	36
2	Mr. Shyam Sunder Sharmma	Promoter Executive Director	36	23
3	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	36	28
4	Mr. Sharad Sharma	Promoter Executive Director	36	29

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2012, are as under:

Opening Balance	Received during the year	Resolved During the year	Closing Balance
Nil	18	18	Nil

As on 31st March, 2012, no request for transfer / transmission was pending for approval.

Compliance Officer:

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

6. Securities Allotment and Certificate Issuance Committee

Composition:

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

Terms of Reference:

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

Meetings:

During the financial year ended 31st March, 2012, six Securities Allotment and Certificate Issuance Committee meetings were held on 30.04.2011, 20.07.2011, 16.11.2011, 05.12.2011, 19.03.2012 and 31.03.2012.

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
2011	28th September, 2011	5:30 P.M.	Raipur (Rania), Kalpi Road,
2010	18th September, 2010	12:30 P.M.	Distt. Kanpur Dehat.
2009	24th September, 2009	12:15 P.M.	

Extraordinary General Meetings:

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

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

Annual General Meetings:

Year	Date of Meeting	Particulars of Special Resolutions passed at the Meeting
2011	28th September, 2011	1) Consent to change the name of the Company from 'GANESH POLYTEX LIMITED' to 'GANESHA ECOSPHERE LIMITED'.
		2) Re-appointment of Shri Sandeep Khandelwal as Vice-President (Projects) of the Company for a further period of five years w.e.f. 1st October, 2011, under Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011.
2010	18th September, 2010	1) Increase in remuneration of Shri Sandeep Khandelwal, Vice-President (Projects) of the Company, a relative of Director of the Company
2009	24th September, 2009	1) Consent for the issue of 5,15,000 convertible warrants on Preferential basis u/s 81(1A) of the Companies Act, 1956.

Extraordinary General Meetings:

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

Postal Ballot

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

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

8. Disclosures

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

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

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

None.

9. Means of Communication

The quarterly and annual financial results of the Company are submitted to the Stock Exchanges and published in 'Business Standard' (in English

and Hindi) newspaper in terms of the requirements of Clause 41 of the Listing Agreement.

The Financial results are also available on the official website of the BSE Limited., Mumbai i.e. www.bseindia.com.

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

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

10.General Shareholders' Information

A. Annual General Meeting:

Date: 29th September, 2012
Time: 2:15 P.M.
Venue: Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat

B. Financial Year/Calendar:

- Results for First Quarter ending 30th June, 2012. On or before 14th August, 2012
- Results for Second Quarter ending 30th September, 2012. On or before 14th November, 2012
- Results for Third Quarter ending 31st December, 2012. On or before 14th February, 2013
- Results for Financial Year ending 31st March, 2013. On or before 30th May, 2013

C. Date of Book Closure:

From Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive).

D. Dividend Payment Date:

On and after 4th October, 2012

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:

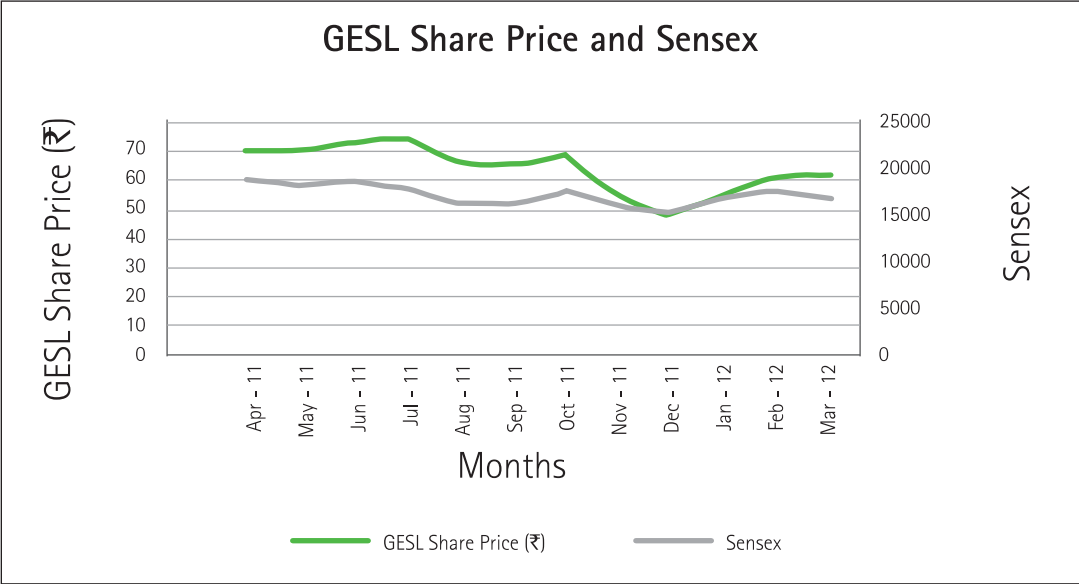
BSE Limited, Mumbai : 514167

G. Stock Market Price Data for the year 2011-12:

Month	BSE PRICES			
	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded
April, 2011	68.70	62.10	62.35	297,764
May, 2011	73.00	59.10	62.50	419,781
June, 2011	70.30	62.00	64.30	684,545
July, 2011	68.30	62.60	65.65	416,022
August, 2011	66.70	50.00	58.45	423,469
September, 2011	66.00	55.00	58.50	217,457
October, 2011	63.00	55.60	60.45	232,481
November, 2011	60.25	39.00	47.65	343,967
December, 2011	48.65	40.00	43.65	323,151
January, 2012	51.30	44.00	48.90	65,081
February, 2012	57.90	47.80	54.30	158,841
March, 2012	60.50	52.75	55.60	105,341

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

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



H. Registrar and 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, 2012:

No. of Shares			Shareholders		Shareholding	
			Number	% of total	Number	% of total
Upto		500	11842	92.78	1806443	11.89
501	-	1000	511	4.00	436863	2.87
1001	-	2000	178	1.39	278867	1.84
2001	-	3000	71	0.56	177717	1.17
3001	-	4000	24	0.19	87593	0.58
4001	-	5000	36	0.28	175795	1.16
5001	-	10000	32	0.25	230707	1.52
10001	₹	above	70	0.55	11992015	78.97
Total			12764	100	15186000	100

Shareholding Pattern as on 31st March, 2012:

Sl. No.	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian	10	8350321	54.99
(2)	Foreign	0	0	0.00
	Total Shareholding of Promoter and Promoter Group	10	8350321	54.99
(B)	Public Shareholding			
(1)	Institutions	9	15600	0.10
(2)	Non-Institutions	12745	6820079	44.91
	Total Public Shareholding	12754	6835679	45.01
	Total (A+B)	12764	15186000	100.00

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2012, 89.18% 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, 2012.

Warrants and other convertible instruments:

During the year, 15,16,000 warrants (out of 27,00,000 warrants outstanding as at the beginning of the year) have been converted into equal number of equity shares of ₹10/- each at a premium of ₹30/- per share on 05.12.2011. Remaining 11,84,000 Warrants were cancelled due to non exercise of conversion option by the holders thereof and upfront money received has been forfeited.

With the aforesaid allotments of Equity Shares, the total Paid-up Equity Share Capital of the Company has been enhanced from ₹13,67,00,000/-

to ₹15,18,60,000/- divided into 1,51,86,000 Equity Shares of ₹10/- each.

As on 31st March, 2012, there were no warrants or any convertible instruments outstanding for conversion.

M. Plant Location:

1. Kanpur Unit:

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

2. Rudrapur Unit:

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

3. Bilaspur Unit:

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

N. Address for Correspondence:

With the Registrar and Transfer Agents:

Skyline Financial Services Pvt. Ltd.
D-153/A, First Floor,
Okhla Industrial Area, Phase-I,
New Delhi-110020
Tel: 011- 26812682-83
Fax: 011- 26812682-83
E-mail: admin@skylinerta.com

With the Company:

The Company Secretary,
Ganesha Ecosphere Ltd.
113/216-B, First Floor,
Swaroop Nagar, Kanpur- 208002.
Tel: 0512-2555504-06
Fax: 0512-2555293
E-mail: shrdept@gmail.com

O. Corporate Identification Number (CIN NO.):

L51109UP1987PLC009090

P. E-mail for Investors:

The Company has designated complaints@ ganeshaecosphere.com as email address especially for investor grievance(s).

Q. Code of Conduct:

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

R. Non-mandatory Requirements:

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

S. Nomination facility:

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

Declaration

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Shyam Sunder Sharmma, Chairman and Managing Director of Ganesha Ecosphere Ltd., declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the financial year 2011-12.

Place : Kanpur

Date : 13th August, 2012

(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, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Place : Kanpur
Date : 13th August, 2012

AUDITOR'S REPORT

TO,
THE MEMBERS OF,
GANESHA ECOSPHERE LIMITED.

We have audited the attached Balance Sheet of GANESHA ECOSPHERE LIMITED as at 31st March, 2012, the Statement of Profit & Loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

01. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
02. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information & explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report, are in agreement with the books of account ;

- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub- section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
- (e) On the basis of written representations received from the Directors of the Company, as on 31st March , 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Companies Act, 1956, and give a true and fair view, in conformity with the accounting principles generally accepted in India:-
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - (ii) in the case of the Statement of Profit & Loss, of the Profit for the Year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

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

(Deepak Seth)
Partner

Place: Kanpur
Dated: 26th May, 2012

Membership No. 073081



ANNEXURE TO THE AUDITOR'S REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF GANESHA ECOSPHERE LIMITED ON THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2012.

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

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

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

iii) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3) i) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 (iii) (a), (b), (c) and (d) of the Order, are not applicable to the Company.

ii) According to the information and explanations given to us, the Company has taken unsecured loans and fixed deposits from a Company, four directors and seven other parties covered in the register maintained under section 301 of the Companies Act, 1956. During the year ₹ 6,89,57,955 were taken as loan and the maximum amount involved during the year was ₹ 5,03,47,500 and the balance outstanding as on 31st March 2012 is ₹ 1,12,26,410.

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

iv) In respect of unsecured loans taken by the Company, principal amount including interest is repayable on demand and there are no stipulations as to the payment of principal amount & interest thereon. In respect of fixed deposits taken by the Company, payment of principal amount & interest are regular.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. We have not observed any major weakness in the internal control systems during the course of the audit.

5) i) 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 transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹5,00,000 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 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 in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed 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 not, however, made a detailed examination of such records with a view to determine whether they are accurate or complete.
- 9) i) According to the information & explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues have been regularly deposited with the appropriate authorities *though there have been a slight delay in a few cases.*

- ii) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, value added tax, custom duty, excise duty and other undisputed statutory dues were outstanding, as at 31st March, 2012 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 2012 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	234045*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	1198910*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	914932*	Supreme Court
Central Excise Act, 1944	Cenvat Duty	2421248 ^s	CESTAT, New Delhi
Central Excise Act, 1944	Cenvat Duty	6469879 ^s	The Commissioner (Appeals) Central Excise, Kanpur
Income Tax Act, 1961	Penalty	125000*	The Commissioner (Appeals) Kanpur

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

- 10) The Company has no accumulated losses at the end of the financial year ended on 31st March, 2012 and it has not incurred any cash losses during the financial year ended on 31st March, 2012 and in the immediately preceding financial year ended on 31st March, 2011.

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

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

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

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

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

16) Based on information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- 17) According to the information & explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investments.

18) During the year, the Company has made preferential allotment of equity shares to the four directors and one other party covered in the register maintained under section 301 of the Companies Act 1956. In our opinion, the price at which, equity shares have been issued, is not prejudicial to the interest of the Company.

19) The Company has not created any security or charge on the assets of the Company in respect of Unsecured Zero Coupon Optionally 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: 26th May, 2012
- Membership No. 073081
- 50
- CLEAN,
GREEN & SAFE
- 51



BALANCE SHEET AS AT 31ST MARCH, 2012

(Amount in ₹)

Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
Share Capital	2	196,860,000	181,700,000
Reserves & Surplus	3	642,981,438	404,221,043
Money received against Share Warrants	4	—	27,000,000
SUB-TOTAL		839,841,438	612,921,043
2 Non-Current Liabilities			
Long Term Borrowings	5	360,358,862	383,935,984
Deferred Tax Liabilities (Net)	6	50,269,195	43,578,592
Other Long Term Liabilities	7	3,731,374	1,601,576
Long Term Provisions	8	12,247,671	10,273,491
SUB-TOTAL		426,607,102	439,389,643
3. Current Liabilities			
Short Term Borrowings	9	413,960,009	284,087,498
Trade Payables	10	154,940,400	75,582,068
Other Current Liabilities	11	277,102,957	220,600,392
Short Term Provisions	12	54,055,711	55,316,136
SUB-TOTAL		900,059,077	635,586,094
TOTAL		2,166,507,617	1,687,896,780
II. ASSETS			
1. Non-Current Assets			
Fixed Assets:			
– Tangible Assets	13	1,027,738,986	915,982,719
– Intangible Assets	13	1,116,091	998,491
– Capital Work-in-Progress	13	51,984,757	13,251,491
Long Term Loans and Advances	14	37,136,083	29,009,020
Other Non-Current Assets	15	78,959,655	38,477,278
SUB-TOTAL		1,196,935,572	997,718,999
2. Current Assets			
Inventories	16	473,177,432	325,854,091
Trade Receivables	17	311,199,902	253,537,636
Cash & Bank Balances	18	101,763,218	77,210,908
Short Term Loans and Advances	19	42,671,526	5,630,632
Other Current Assets	20	40,759,967	27,944,514
SUB-TOTAL		969,572,045	690,177,781
TOTAL		2,166,507,617	1,687,896,780
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)

DEEPAK SETH

Partner

Membership No. 073081

Place: Kanpur

Dated: 26th May, 2012

SHARAD SHARMA

Joint Managing Director

BHARAT KUMAR SAJNANI

Company Secretary

SHYAM SUNDER SHARMMA

Chairman and Managing Director

GOPAL AGARWAL

Chief Finance Officer

For and on behalf of the Board

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I. REVENUE FROM OPERATIONS	21		
a. from Sale of products		3,888,916,599	2,937,848,803
b. Other Operating Revenues		2,761,968	2,058,607
SUB-TOTAL		3,891,678,567	2,939,907,410
c. Less: Excise Duty		36,617,668	24,952,962
		3,855,060,899	2,914,954,448
II. OTHER INCOME	22	16,981,039	14,727,456
III. TOTAL REVENUE (I+II)		3,872,041,938	2,929,681,904
IV. EXPENSES			
Cost of Materials Consumed	23	2,718,230,326	1,957,813,707
Purchases of Stock-in-Trade	24	7,576,900	26,068,940
Changes in Inventories of Finished Goods, Work			
–in-Progress and Stock-in-Trade	25	(115,079,558)	(64,741,262)
Employee Benefits Expense	26	166,366,214	113,751,555
Finance Costs	27	110,313,426	74,113,544
Depreciation and Amortization Expense	28	109,891,508	88,992,689
Other Expenses	29	661,064,366	533,155,500
Total Expenses		3,658,363,182	2,729,154,673
V. PROFIT BEFORE TAX (III-IV)		213,678,756	200,527,231
VI. TAX EXPENSE:			
1) Current Tax		(42,752,311)	(41,899,651)
Less: MAT Credit		42,752,311	21,870,185
2) Deferred Tax		(6,690,603)	(344,508)
VII. PROFIT FOR THE YEAR (V-VI)		206,988,153	180,153,257
VIII. EARNINGS PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH	30		
(1) Basic		14.10	12.99
(2) Diluted		14.10	12.06
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)

DEEPAK SETH

Partner

Membership No. 073081

Place: Kanpur

Dated: 26th May, 2012

SHARAD SHARMA

Joint Managing Director

BHARAT KUMAR SAJNANI

Company Secretary

SHYAM SUNDER SHARMMA

Chairman and Managing Director

GOPAL AGARWAL

Chief Finance Officer

For and on behalf of the Board



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
A: CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax as per Statement of Profit and Loss	213,678,756	200,527,231
Adjusted for :		
- Net Prior Period Adjustments	373,724	201,172
- Provision for Doubtful Debts/Advances	1,088,832	1,821,839
- Provision for Doubtful Debts Written Back	(45,110)	(561,000)
- Loss/ (Gain)on Fixed Assets Sold/Discarded/ Destroyed (net)	(251,556)	3,153,971
- Depreciation/Amortisation	109,891,508	88,992,689
- Unrealised Exchange Differences	4,042,393	(2,428,112)
- Finance Costs	110,313,426	74,113,544
Operating Profit before Working Capital Changes	439,091,973	365,821,334
Adjusted for :		
- (Increase) in Trade & Other Receivables	(105,432,472)	(165,582,021)
- (Increase) in Inventories	(147,323,341)	(81,867,008)
- Increase in Trade & Other Payables	117,026,737	61,781,209
Cash Generated from Operations	303,362,897	180,153,514
Net Prior Period Adjustment	(373,724)	(201,172)
Direct Taxes Paid	(47,227,570)	(27,525,995)
Net Cash From Operating Activities	255,761,603	152,426,347
B: CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(264,889,420)	(319,343,910)
Sale of Fixed Assets	1,117,167	1,144,286
Net Cash Used in Investing Activities	(263,772,253)	(318,199,624)
C: CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from/(Repayment) of Long Term Borrowings (Net)	(1,347,721)	59,589,419
Proceeds from/(Repayment) of Short Term Borrowings (Net)	127,733,292	19,299,667
Proceeds from Issue Of Equity Share Capital	-	3,000,000
Proceeds from Share Warrants	-	27,000,000
Proceeds from Share Premium on conversion of Share Warrants	45,480,000	9,000,000
Proceeds from Zero Coupon Optionally Convertible Debentures	-	135,000,000
Capital Investment Subsidy	3,000,000	-
Finance Charges	(110,275,701)	(73,100,885)
Dividend paid on Equity shares	(16,404,000)	(6,685,000)
Dividend paid on Preference Shares	(4,500,000)	(1,125,000)
Tax on Dividend Distribution	(3,391,152)	(1,297,143)
Net Cash from Financing Activities	40,294,718	170,681,058
Net Increase in Cash and Cash Equivalents (A+B+C)	32,284,068	4,907,781
Opening Balance of Cash and Cash Equivalents	23,631,468	18,723,687
Closing Balance of Cash and Cash Equivalents (Refer Note 18)	55,915,536	23,631,468

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: 26th May, 2012

BHARAT KUMAR SAJNANI

Company Secretary

GOPAL AGARWAL

Chief Finance Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements:

The financial statements have been prepared in compliance with all material aspects with the notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

Financial statements are prepared in accordance with the generally accepted accounting principles, as adopted consistently, and are based on historical cost and items of income and expenditure are recognized on accrual basis except those with significant uncertainties.

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

1.2 Use of Estimates:

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

1.3 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods is recognized on transfer of significant risks and rewards of ownership which is generally on the dispatch of goods. Revenue from operations is disclosed inclusive of excise duty and net of sales tax / VAT, discounts and returns.

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

1.4 Fixed Assets:

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

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

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

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

1.5. Intangible Assets:

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

1.6 Depreciation/Amortization:

Depreciation on fixed assets is provided on "Straight Line Method (SLM)" at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in respect of Vehicles, Furniture/ Fixtures and Office Equipments at Kanpur Unit where depreciation is provided on "Written Down Value Method (WDV)"; in respect of entire fixed assets of Rudrapur and Bilaspur Units where depreciation is provided on "Written Down Value Method (WDV)". In respect of power line payments made to Electricity Authorities, useful life is estimated at five years and expenditure is amortized accordingly on "Straight Line Method".

Continuous process plants, as specified in Schedule XIV to the Companies Act, 1956, are identified based on technical assessment and are depreciated at the specified rate. Individual assets, whose actual cost does not exceed ₹ 5000, are depreciated fully within the year of acquisition.

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

1.7 Borrowing Costs:

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

1.8 Foreign Currency Transactions:

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

Monetary items denominated in foreign currencies, which are outstanding as at the year-end and not covered by forward contracts, are restated at year end rates. Resultant gain or loss, other than in relation to acquisition of fixed assets, is charged to revenue during the year. In case of items covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contracts is recognized as income/expense over the life of the contract. The exchange differences arising on such forward exchange contracts are recognized as income or expense along with the exchange differences on the underlying assets/liabilities. Profit or loss on cancellations/renewals of forward contracts is recognized during the year. Non-monetary foreign currency items are carried at cost.

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

1.9 Inventories:

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

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

1.10Lease Rentals:

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

1.11Employee 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.

1.12Taxation:

Tax expense comprises Current and Deferred Tax.

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

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

Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 1 SIGNIFICANT ACCOUNTING POLICIES

1.13Provisions, Contingent Liabilities and Contingent Assets

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

1.14 Earnings per Share:

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

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

1.15 Government Grants:

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

(Amount in ₹)				
	As at 31.03.2012		As at 31.03.2011	
Note 2 SHARE CAPITAL				
Authorised:				
240,00,000 (Previous Year 240,00,000) Equity				
Shares of ₹ 10 /- each	240,000,000		240,000,000	
450,000 (Previous Year 4,50,000) Preference Shares of ₹100/- each	45,000,000	285,000,000	45,000,000	285,000,000
Issued, Subscribed & Paid up:				
1,51,86,000 (Previous Year 1,36,70,000) Equity				
Shares of ₹ 10/- each fully paid up		151,860,000		136,700,000
50,000 (Previous Year 50,000) 10% Cumulative Redeemable				
Preference Shares (Series I) of ₹100/- each fully paid up	5,000,000		5,000,000	
400,000 (Previous Year 400,000) 10% Cumulative Redeemable				
Preference Shares (Series II) of ₹100/- each fully paid up	40,000,000	45,000,000	40,000,000	45,000,000
TOTAL		196,860,000		181,700,000

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

	Numbers	Numbers
Equity Shares outstanding at the beginning of the year	13,670,000	12,320,000
Add: Shares issued during the year	1,516,000	1,350,000
Equity Shares outstanding at the end of the year	15,186,000	13,670,000

2.2 There is no change in Preference Share Capital during the year.

2.3 Equity shares are having par value of ₹ 10/-per share. Each Shareholder is eligible for one vote per share. Equity shareholders are having the right of dividend, proposed by the Board of Directors subject to the approval of shareholders except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their holding.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

Name of the Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Note 2 SHARE CAPITAL (Contd.)				
a) Equity shares				
Shyam Sunder Sharmma	2,163,927	14.25	1,763,927	12.90
GPL Finance Ltd.	2,062,368	13.58	1,962,368	14.36
Rajesh Sharma	1,090,778	7.18	775,778	5.67
Sharad Sharma	1,075,583	7.08	N.A.	N.A.
V.D. Khandelwal	920,200	6.06	N.A.	N.A.
b) 10% Cumulative Redeemable Preference Shares – Series I				
Essel Industries Pvt. Ltd.	46,525	93.05	48,500	97.00
Sandeep Yarns Pvt. Ltd.	3,475	6.95	N.A.	N.A.
c) 10% Cumulative Redeemable Preference Shares – Series II				
GPL Finance Ltd.	244,040	61.01	N.A.	N.A.
Essel Industries Pvt. Ltd.	-	-	67,950	16.99
Sandeep Yarns Pvt. Ltd.	60,210	15.05	60,210	15.05
Mukesh Khandelwal	42,500	10.63	42,500	10.63
Kapil Khandelwal	35,750	8.94	35,750	8.94
Sharad Sharma HUF	-	-	24,100	6.03
Vimal Sharma	-	-	23,450	5.86
Sharad Sharma	-	-	22,020	5.51

2.6 For terms of Optionally Convertible Debentures, please refer Note No. 5.

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

	As at 31.03.2012		As at 31.03.2011	
Note 3 RESERVES AND SURPLUS				
a. Capital Reserves				
As per last Balance Sheet	7,688,028		7,688,028	
Add: Forefeited application money on Share Warrants	11,840,000		-	
Add: Capital Investment Subsidy	3,000,000	22,528,028	-	7,688,028
b. Securities Premium Account				
Share Premium:				
As per last Balance Sheet	55,959,699		36,459,699	
Add: Received on conversion of Share Warrants	45,480,000	101,439,699	19,500,000	55,959,699
c. Debenture Redemption Reserve				
As per last Balance Sheet	4,950,000		-	
Add: Transferred from Statement of Profit and Loss	89,969,361	94,919,361	4,950,000	4,950,000
d. General Reserve				
As per last Balance Sheet	9,072,520		4,568,688	
Add: Transferred from Statement of Profit and Loss	5,174,705	14,247,225	4,503,832	9,072,520

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	As at 31.03.2012		As at 31.03.2011	
Note 3 RESERVES AND SURPLUS (Contd.)				
e. Surplus				
Balance at the beginning of the year	326,550,796		181,290,376	
Add: Profits for the year	206,988,153		180,153,257	
	533,538,949		361,443,633	
Less: Appropriations:				
- MAT Credit Reversed for earlier years	2,269,934		1,735,226	
- Taxation adjustments for earlier years (net)	(131,647)		(591,373)	
- Transferred to Debenture Redemption Reserve	89,969,361		4,950,000	
- Transferred to General Reserve	5,174,705		4,503,832	
- Proposed Dividend on Preference Shares (Series I & II) #	4,500,000		4,500,000	
- Proposed Dividend on Equity Shares #	18,223,200		16,404,000	
- Tax on Proposed Dividend	3,686,271		3,391,152	
	123,691,824	409,847,125	34,892,837	326,550,796
TOTAL		642,981,438		404,221,043

Dividend proposed to be distributed to Preference Shareholders is ₹ 10/- (Previous year ₹ 10/-) per share and to equity shareholders

₹ 1.20 (Previous year ₹ 1.20) per share.

Note 4 **MONEY RECEIVED AGAINST SHARE WARRANTS**

Money Received against Share Warrants		-	27,000,000
4.1 The reconciliation of the number of Shares Warrants is as under:		Numbers	Numbers
Balance at the beginning of the year		2,700,000	1,050,000
Add: Issued during the year		-	3,000,000
		2,700,000	4,050,000
Less: a) Converted into Equity Shares during the year		1,516,000	1,350,000
b) Cancelled due to non exercise of conversion option by the warrant holders		1,184,000	-
Balance at the end of the year		-	2,700,000

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	As at 31.03.2012		As at 31.03.2011	
	Non Current	Current	Non Current	Current
Note 5 LONG TERM BORROWINGS				
SECURED				
Rupee Term Loans from Banks	154,276,821	71,166,741	141,159,599	107,485,773
Rupee Term Loans from Others	14,046,934	9,655,090	13,353,012	6,507,405
Buyers Credit From Banks in Foreign Currency	97,900,620	17,500,000	89,475,878	–
UNSECURED				
Zero Coupon Optionally Convertible Debentures [15,00,000 Debentures of ₹ 90/- each (Previous Year 15,00,000)]	90,000,000	45,000,000	135,000,000	–
Rupee Term Loans from Others	3,037,946	3,980,224	2,367,495	2,321,342
Deferred Payment Liability	1,046,541	1,046,540	–	–
Fixed Deposits				
- from Related Parties	–	585,000	–	303,500
- from Others	50,000	2,530,000	2,580,000	10,713,000
TOTAL	360,358,862	151,463,595	383,935,984	127,331,020
Less: Amount disclosed under the head "Other Current Liabilities" (Refer Note 11)		151,463,595		127,331,020
Net Amount	360,358,862	–	383,935,984	–

Nature of Security and Terms of Repayment:

- a) Rupee Term Loans from Banks:
- i) Rupee Term Loans from Banks, including Buyers credit from Banks, aggregating to ₹ 29,49,01,761 (Previous Year ₹ 27,73,93,358) are secured by way of first charge, on pari-passu basis among lending banks, 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.
- ₹ 2,95,34,678 are repayable in 4 quarterly installments, 10,27,14,526 are repayable in 11 quarterly installments, ₹ 6,41,83,757 are repayable in 12 quarterly installments and ₹ 9,84,68,800 are repayable in 20 quarterly installments.
- ii) Corporate term loan from bank of ₹ 4,50,00,000 (Previous year ₹ 6,00,00,000) is secured by way of extension of first charge, on pari-passu basis with other working capital lending banks, over entire current assets (present and future) of the company. Corporate loan is further secured by way of extension of first pari-passu charge over fixed assets, excluding assets specifically charged/ hypothecated for specific loan, of the company and personal guarantees of executive directors and others.
- This loan is repayable in 6 quarterly installments.
- iii) Loans aggregating to ₹ 9,42,421 (Previous year ₹ 7,27,892) relate to vehicle purchased and are secured by way of hypothecation of specified vehicles.
- ₹ 3,63,421 are repayable in 12 monthly installments and ₹ 5,79,000 are repayable in 36 monthly installments.
- b) Rupee term loans from Others aggregating to ₹ 2,37,02,024 (Previous year ₹ 1,98,60,417) 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:

2012-13	2013-14	2014-15	2015-16
₹ 9,655,090	₹ 9,462,591	₹ 4,243,803	₹ 340,540

- c) Repayment of Optionally Convertible Debentures of ₹ 13,50,00,000 (Previous year ₹ 13,50,00,000) has been guaranteed by executive directors and others personally as well as pledge of shares owned by them.
- These Debentures are having the option, to be exercised, in full or in part, till 11th September, 2012 by the holder, of conversion into 15,00,000 equity shares of ₹ 10/- each at a premium of ₹ 80/- per share. These Debentures are redeemable in three equal half yearly installments, commencing from 12th March, 2013 along with premium @ 22% p.a., if the option of conversion is not exercised by the holder thereof.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 5 LONG TERM BORROWINGS (Contd.)

d) Repayment of Rupee term loans of ₹ 70,18,170 (Previous year ₹ 46,88,837) from other parties have been guaranteed by some of the executive directors and are repayable in monthly installments as per following maturity profile:

2012-13	2013-14
₹ 3,980,224	₹ 3,037,946

e) Deferred payment liability of ₹ 20,93,081 is repayable in 4 half - yearly installments.

f) Maturity profile of Fixed Deposits is as under:

2012-13	2013-14
₹ 3,115,000	₹ 50,000

(Amount in ₹)

	As at 31.03.2012		As at 31.03.2011	
Note 6 DEFERRED TAX LIABILITY (NET)				
Deferred Tax Liability				
Related to Fixed Assets		60,111,650		53,160,269
Deferred Tax Assets				
- Expenditure allowable on actual payment basis under the Income Tax Act	8,905,891		8,291,210	
- Others	936,564	9,842,455	1,290,467	9,581,677
Net Deferred Tax Liability		50,269,195		43,578,592

Note 7 OTHER LONG TERM LIABILITIES

Trade payables				
- Due to Micro, Small & Medium Enterprises (Refer Note - 41)	–		–	
- Others	3,152,802	3,152,802	1,469,606	1,469,606
Other payables		578,572		131,970
TOTAL		3,731,374		1,601,576

Note 8 LONG TERM PROVISIONS

Provision for employee benefits (Refer Note 26.1)				
- Gratuity	10,810,180		9,109,982	
- Leave encashment	1,437,491	12,247,671	1,163,509	10,273,491
TOTAL		12,247,671		10,273,491

Note 9 SHORT TERM BORROWINGS

SECURED				
Working Capital Loans from Banks				
- Rupee Loans	206,188,732		125,063,359	
- Foreign Currency Loans	181,914,161		112,321,436	
- Foreign Currency Loans - Buyers Credit arrangements	15,215,706	403,318,599	18,487,203	255,871,998
UNSECURED				
Loans repayable on demand:				
- from Directors & other related parties	10,641,410		24,215,500	
- from others	–	10,641,410	4,000,000	28,215,500
TOTAL		413,960,009		284,087,498



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 9 SHORT TERM BORROWINGS (Contd.)

- a) Working capital loans from Banks except Buyers' Credit arrangements are secured by hypothecation of current assets of the Company both present and future, ranking pari-passu inter-se. These loans have 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 arrangements from banks are secured by way of pledge of fixed deposit receipts.

	As at 31.03.2012		As at 31.03.2011	
Note 10 TRADE PAYABLES				
a. Due to Micro, Small & Medium Enterprises (refer Note - 41)	-		-	
b. Others	154,940,400	154,940,400	75,582,068	75,582,068
TOTAL		154,940,400		75,582,068

Note 11 OTHER CURRENT LIABILITIES

a. Current maturities of long term debt (Refer Note 5)		151,463,595		127,331,020
b. Interest accrued but not due on borrowings		1,734,964		1,417,901
c. Interest accrued and due on borrowings		3,174,264		3,453,602
d. Unclaimed Dividend#		1,796,238		904,020
e. Creditors for Capital Expenditure		10,237,246		-
f. Advances from Customers		5,466,032		30,209
g. Statutory dues		6,773,748		5,857,417
h. Other Payables*		96,456,870		81,606,223
TOTAL		277,102,957		220,600,392

These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

* Includes unamortised 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	2,461,836		1,750,602	
- Leave encashment	681,597	3,143,433	566,279	2,316,881
b. Provision for Income Tax (net of Advance tax)		11,445,090		16,051,996
c. Proposed Dividend		22,723,200		20,904,000
d. Provision for Tax on Proposed Dividend		3,686,271		3,391,152
e. Provision for Excise Duty (Refer Note 40)		13,057,717		12,652,107
TOTAL		54,055,711		55,316,136

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 13 FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2011	Additions during the year	Deductions/ Adjustment	As at 31.03.2012	As at 31.03.2011	For the Year	Deductions/ Adjustment	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets:										
Own Assets:										
Freehold Land & Site Development	72,811,366	8,168,134	-	80,979,500	-	-	-	-	80,979,500	72,811,366
Leasehold Land	9,817,381	4,702,828	-	14,520,209	616,537	115,667	-	732,204	13,788,005	9,200,844
Buildings	196,746,916	78,654,763	-	275,401,679	50,422,593	10,793,580	-	61,216,173	214,185,506	146,324,323
Plant & Machinery	988,144,996	120,848,136	685,203	1,108,307,929	315,351,780	93,044,112	94,683	408,301,209	700,006,720	672,793,216
Furniture & Fixtures	8,535,635	1,690,836	4,212	10,222,259	4,291,451	1,061,404	4,212	5,348,643	4,873,616	4,244,184
Office Equipments	11,438,545	3,252,517	-	14,691,062	6,509,006	1,991,619	-	8,500,625	6,190,437	4,929,539
Vehicles	13,871,734	4,645,005	2,126,474	16,390,265	8,192,487	2,333,959	1,851,383	8,675,063	7,715,202	5,679,247
TOTAL	1,301,366,573	221,962,219	2,815,889	1,520,512,903	385,383,854	109,340,341	1,950,278	492,773,917	1,027,738,986	915,982,719
Previous Year's Total	882,811,908	431,915,083	13,360,418	1,301,366,573	305,940,048	88,505,967	9,062,161	385,383,854	915,982,719	576,871,860
Intangible Assets:										
Technical Knowhow	1,462,548	-	-	1,462,548	1,217,322	245,226	-	1,462,548	-	245,226
Software	1,201,787	678,736	-	1,880,523	448,522	315,910	-	764,432	1,116,091	753,265
TOTAL	2,664,335	678,736	-	3,343,071	1,665,844	561,136	-	2,226,980	1,116,091	998,491
Previous Year's Total	2,252,533	411,802	-	2,664,335	1,179,122	486,722	-	1,665,844	998,491	1,073,411
Capital Work-in- progress (including Pre-operative expenses pending allocation to assets - refer Note 35)									51,984,757	13,251,491

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 ₹ 1,28,51,542 (Previous year Nil) has been adjusted with the cost of capital assets, to be depreciated over the balance useful life of respective assets.

	As at 31.03.2012		As at 31.03.2011	
Note 14 LONG TERM LOANS & ADVANCES				
(Unsecured and considered good unless otherwise stated)				
a. Capital Advances		17,588,431		14,063,263
b. Security Deposits		12,880,098		11,194,050
c. Other Loans & Advances*	7,756,386		4,338,835	
Less: Provision for Doubtful Advances	(1,088,832)	6,667,554	(587,128)	3,751,707
TOTAL		37,136,083		29,009,020

* Includes Loans to Employees.

Note 15 OTHER NON CURRENT ASSETS

(Unsecured)				
a. Long term Trade Receivables	2,886,621		3,105,316	
Less: Provision for Doubtful Debts	(2,886,621)	-	(3,105,316)	-
b. Mat Credit available for set off		78,959,655		38,477,278
TOTAL		78,959,655		38,477,278

Note 16 INVENTORIES

(Refer Note no. 1.9 for valuation)				
a. Raw-Materials	133,835,336		110,458,878	
Raw-Materials in transit	-	133,835,336	2,734,145	113,193,023
b. Work-in-progress		68,284,459		32,996,639
c. Finished Goods		210,184,266		129,508,527
d. Stock-in-trade (Polyester Staple Fibre)		1,418,618		2,302,619
e. Stores & Spares		59,454,753		47,853,283
TOTAL		473,177,432		325,854,091

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	As at 31.03.2012	As at 31.03.2011
Note 16 INVENTORIES (Contd.)		
16.1 Details of Raw materials		
Plastic/ Pet Bottle Scrap	88,887,187	78,261,705
POY/ Texturised/ Twisted Yarn	5,672,900	9,487,617
Colour & Chemicals	36,135,283	23,621,383
Packing Materials	3,139,966	1,822,318
TOTAL	133,835,336	113,193,023

16.2 Details of Work-in-progress

Polyester Staple Fibre	54,493,979	25,512,560
Dyed Texturised Yarn	13,060,899	7,484,079
Spun Yarn	729,581	-
TOTAL	68,284,459	32,996,639

16.3 Details of Finished Goods

Polyester Staple Fibre	172,625,984	114,508,248
Dyed Texturised Yarn	14,254,133	13,225,815
Spun Yarn	23,156,519	1,732,224
Waste & Scrap	147,630	42,240
TOTAL	210,184,266	129,508,527

Note **17** **TRADE RECEIVABLES**

(Unsecured)				
a. Over Six Months from due date -				
Considered Good	1,102,293		782,515	
Considered Doubtful	-		192,457	
	1,102,293		974,972	
Less : Provision for Doubtful Debts	-	1,102,293	(192,457)	782,515
b. Others (Considered Good)		310,097,609		252,755,121
TOTAL		311,199,902		253,537,636

Note **18** **CASH & BANK BALANCES**

A. Cash and Cash Equivalents:				
a. Balances with Banks (in current accounts)	19,549,245		19,092,984	
b. Cheques on hand	1,475,152		-	
c. Cash on hand	2,878,199		2,060,536	
d. Fixed Deposits with Banks	32,012,940	55,915,536	2,477,948	23,631,468
B. Other Bank Balances:				
a. Unclaimed dividend accounts	1,796,238		904,020	
b. Fixed Deposits with Banks#				
- Held as margin money with Banks/ pledged Excise authorities	44,006,444		44,046,661	
- Others	45,000	45,847,682	8,628,759	53,579,440
TOTAL		101,763,218		77,210,908

Fixed deposits with banks include deposits of ₹ 45,000/- (Previous Year ₹3,08,96,898) with maturity of more than 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	As at 31.03.2012	As at 31.03.2011
Note 19 SHORT TERM LOANS & ADVANCES		
(Unsecured and considered good unless stated otherwise)		
a. Prepaid Expenses & Lease rent	4,151,743	3,070,420
b. Security Deposits	1,326,150	1,130,650
c. Advances to Vendors	33,869,957	-
d. Advances to Employees and Others	3,323,676	1,429,562
TOTAL	42,671,526	5,630,632

Note **20** **OTHER CURRENT ASSETS**

a. Export incentives receivable	22,601,077	19,578,718
b. Interest receivable on Deposits	5,271,116	1,665,650
c. Deferred Forward Contract Premium	2,123,731	780,072
d. Credits/ Refund of Statutory Dues	7,764,043	5,920,074
e. Capital Investment Subsidy Receivable	3,000,000	-
TOTAL	40,759,967	27,944,514

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
Note 21 REVENUE FROM OPERATIONS		
a. Sale of Products		
i) Manufactured		
- Polyester Staple Fibre	3,236,988,184	2,504,400,666
- Dyed Texturized Yarn	404,695,955	387,723,335
- Spun Yarn*	229,170,846	3,898,120
- Waste and Scrap	9,499,576	6,505,058
ii) Traded Goods		
- Polyester Staple Fibre	6,849,891	35,257,624
- Yarn	1,712,147	64,000
SUB-TOTAL	3,888,916,599	2,937,848,803
b. Other Operating Revenues		
i) Job Work receipt	428,214	352,141
ii) Insurance Claims	1,944,025	-
iii) Service Tax refund	309,001	1,700,042
iv) Others	80,728	6,424
TOTAL	3,891,678,567	2,939,907,410
Less: Excise Duty	36,617,668	24,952,962
TOTAL	3,855,060,899	2,914,954,448

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

Note **22** **OTHER INCOME**

a. Interest received	6,794,704	2,533,929
b. Net Gain on foreign currency transaction & translation	9,655,004	12,104,839
c. Net Gain on fixed assets sold/discarded	251,556	-
d. Other non-operating Income	279,775	88,688
TOTAL	16,981,039	14,727,456



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	Year ended 31.03.2012		Year ended 31.03.2011	
Note 23 COST OF MATERIALS CONSUMED				
Raw Materials:				
a. Plastic/ Pet bottles scraps		2,180,274,033		1,510,378,873
b. POY/Texturized/ Twisted Yarn		282,578,091		269,121,249
c. Colour & Chemicals		216,920,585		148,055,437
d. Packing Material & Expenses		38,457,617		30,258,148
TOTAL		2,718,230,326		1,957,813,707

Note 24 PURCHASES OF STOCK-IN-TRADE

a. Polyester Staple Fibre		5,980,887		26,007,035
b. Yarn		1,596,013		61,905
TOTAL		7,576,900		26,068,940

Note 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

a. Closing Inventories:				
i) Finished Goods & Stock-in-trade	211,602,884		131,811,146	
ii) Work-in-progress	68,284,459	279,887,343	32,996,639	164,807,785
Less:				
b. Opening Inventories (including Trial run Stocks)				
i) Finished Goods & Stock-in-trade	131,811,146		57,792,511	
ii) Work-in-progress	32,996,639	164,807,785	42,274,012	100,066,523
TOTAL		115,079,558		64,741,262

Note 26 EMPLOYEE BENEFITS EXPENSE

a. Salaries, Wages and Bonus etc.		151,764,790		101,958,520
b. Contribution to Provident & Other Funds		7,096,041		5,829,824
c. Staff Welfare Expenses		7,505,383		5,963,211
TOTAL		166,366,214		113,751,555

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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 ₹ 70,96,041 (Previous Year ₹ 58,29,824).

b) Defined Benefit Plans

As per Actuarial Valuation on 31st March, 2012

i) Expenses recognized in the Statement of Profit & Loss for the year ended 31st March, 2012:

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
1 Current Service Cost	2,066,521	1,754,780	576,685	422,303
2 Past Service Cost	–	601,995	–	–
3 Interest Cost	868,847	583,262	138,383	97,464
4 Expected Return on the Plan Assets	–	–	–	–
5 Net Actuarial (Gain)/ Losses recognized	879,256	767,022	(213,457)	47
6 Curtailment Cost/ Settlement Cost	–	–	–	–
7 Total Expense*	3,814,624	3,707,059	501,611	519,814

* Include Gratuity ₹1,82,889 and Leave Encashment ₹ 76,605 transferred to Pre-operative Expenses during 2010-11.

ii) Net Asset/(Liability) recognized in Balance Sheet as at 31st March, 2012:

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
1 Present value of Defined Benefit Obligation on 31st March	13,272,016	10,860,584	2,119,088	1,729,788
2 Fair Value of Plan Assets on 31st March	–	–	–	–
3 Funded Status [Surplus/ (Deficit)]	(13,272,016)	(10,860,584)	(2,119,088)	(1,729,788)
4 Net Asset/ (Liability) recognized in Balance Sheet on 31st March	13,272,016	10,860,584	2,119,088	1,729,788

iii) Change in present Value of Obligation during the year ended 31st March, 2012

(Amount in ₹)

Particulars	Gratuity		Leave Encashment	
	2011-12	2010-11	2011-12	2010-11
1 Present value of Obligation at the beginning of the year	10,860,584	7,776,826	1,729,788	1,299,525
2 Interest Cost	868,847	583,262	138,383	97,464
3 Past Service Cost	–	601,995	–	–
4 Current Service Cost	2,066,521	1,754,780	576,685	422,303
5 Curtailment Cost / Settlement Cost	–	–	–	–
6 Benefit payments	(1,403,192)	(623,301)	(112,311)	(89,551)
7 Actuarial (Gain)/ Loss on obligation	879,256	767,022	(213,457)	47
8 Present value of Obligation at the end of the year	13,272,016	10,860,584	2,119,088	1,729,788

iv) Fair value & changes in fair value of Plan Assets during the year ended 31st March, 2012:

Gratuity & Leave encashment obligations are not funded

	As on 31st March, 2012	As on 31st March, 2011
v) Actuarial Assumption		
1 Discount Rate	8.60%	8.00%
2 Salary Escalation Rate	7.00%	7.00%
3 Expected Rate of Return on Plan Assets	–	–
4 Mortality	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table	Indian Assured Lives Mortality (1994-96) (modified) ultimate Table
5 Withdrawal Rate	15% p.a.	15% p.a.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
Note 27 FINANCE COSTS		
a. Interest Expense	92,256,476	66,110,708
b. Other borrowing costs	9,338,929	10,134,974
c. Net Loss/(Gain) on foreign currency transactions and translations	8,718,021	(2,132,138)
TOTAL	110,313,426	74,113,544

Note 28 **DEPRECIATION AND AMORTIZATION EXPENSES**

a. Depreciation	109,775,841	88,883,607
b. Amortization	115,667	109,082
TOTAL	109,891,508	88,992,689

Note 29 **OTHER EXPENSES**

A. Manufacturing Expenses:				
a. Consumption of Stores & Spares	99,941,007			83,971,580
b. Power and Fuel	272,821,373			223,649,132
c. Processing Charges	62,463,009			1,775,974
d. Excise Duty*	4,166,588			17,286,049
e. Repairs to:				
- Machinery	17,043,159		16,466,454	
- Building	5,263,385		12,611,134	
- Others	2,238,365	24,544,909	1,994,576	31,072,164
TOTAL (A)	463,936,886			357,754,899

* Represents excise duty related to the difference between the closing and opening stocks. Besides, previous year figure also includes excise duty under dispute. (Refer Note 40)

B. Administrative Expenses:

a. Rent	4,195,936			2,341,765
b. Insurance	3,782,050			3,684,358
c. Rates and Taxes	867,773			488,019
d. Travelling and Conveyance	7,207,648			5,660,092
e. Printing and Stationery	2,493,344			2,022,576
f. Postage and Telephones	4,252,798			3,762,432
g. Payment to Auditors as:				
- Audit Fee	180,563		165,450	
- For Tax / Vat Audit	33,011		27,576	
- For Certification	96,739		73,078	
- For reimbursement of expenses	4,412	314,725	4,412	270,516
h. Cost Auditors' Remuneration:				
- Audit Fee	15,000		16,545	
- For reimbursement of expenses	5,000	20,000	3,000	19,545
i. Listing Fees		97,954		171,390
j. Directors' Sitting Fee		115,000		100,000
k. Vehicle Running and Maintenance		5,113,584		4,501,058
l. Legal and Professional Charges		2,764,221		3,729,601
m. Filing Fees		17,250		13,588
n. Miscellaneous Expenses		9,471,214		8,246,857
o. Premium on Forward Exchange amortised		2,481,341		4,924,736

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

	Year ended 31.03.2012	Year ended 31.03.2011
Note 29 OTHER EXPENSES (Contd.)		
p. Prior period Items (Net)	373,724	201,172
q. Bad Debts written off	-	8,481,522
r. Provision for Doubtful Debts Written Back	(45,110)	(561,000)
s. Provision for Doubtful Debts/ Advances	1,088,832	1,821,839
t. Loss on fixed assets sold/ discarded	-	2,213,179
u. Lease Rent	85,893	84,381
TOTAL (B)	44,698,177	52,177,626
C. Selling Expenses:		
a. Freight and Forwarding charges	135,886,040	110,022,569
b. Other Selling & Distribution Expenses	16,543,263	13,200,406
TOTAL (C)	152,429,303	123,222,975
TOTAL (A+B+C)	661,064,366	533,155,500

(Amount in ₹)

	2011-12	2010-11
Note 30 EARNINGS PER SHARE		
Profit attributable to Equity Shareholders for Basic & Diluted EPS	202,488,153	175,653,257
Less: a) Tax adjustments for earlier years	(131,647)	(591,373)
b) Mat Credit reversal for earlier years	2,269,934	1,735,226
c) Tax on Preference Dividend	730,013	730,013
Net Profit attributable to Equity Shareholders	199,619,853	173,779,391
Weighted average number of Equity Shares for Basic Earnings per share (Numbers)	14,160,104	13,373,288
Add: Potential Equity Shares on conversion of Warrants*	-	1,040,504
Weighted average number of Equity Shares for Diluted Earnings per share (Numbers)	14,160,104	14,413,792
Nominal Value per Equity Share (₹)	10	10
Earnings per share		
- Basic	14.10	12.99
- Diluted	14.10	12.06

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

	2011-12		2010-11	
	Value (₹)	Percentage of total consumption	Value (₹)	Percentage of total consumption
Note 31 IMPORTED AND INDIGENOUS RAW MATERIALS AND STORES & SPARES CONSUMED				
a. Raw Material				
- Imported	183,183,139	6.74	37,788,139	1.75
- Indigeneous	2,535,047,187	93.26	2,117,637,289	98.25
	2,718,230,326	100.00	2,155,425,428*	100.00
b. Stores & Spares				
- Imported	22,086,032	22.10	17,934,017	20.91
- Indigeneous	77,854,975	77.90	67,846,895	79.09
	99,941,007	100.00	85,780,912*	100.00

*Also include trial run consumption in 2010-11.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	(Amount in ₹)	
	2011-12	2010-11
Note 32 CIF VALUE OF IMPORTS		
Raw Materials/ Traded Goods	152,565,547	50,729,385
Stores & Spares	20,773,485	16,052,677
Capital Goods	38,801,364	49,383,461

Note 33 EXPENDITURE IN FOREIGN CURRENCY		
Travelling	1,049,539	506,592
Commission	1,802,862	471,487
Interest	10,138,635	-
Miscellaneous	19,466	845

Note 34 EARNINGS IN FOREIGN CURRENCY		
F.O.B. Value of Exports	769,030,414	502,410,044

Note 35 PRE-OPERATIVE EXPENSES		
(relating to Expansion/ Greenfield Projects and included in Capital Work in progress)		
Opening Balance	414,077	5,427,548
Add: a) Raw Material consumed	-	197,611,721
b) Employee benefits expense	3,325,727	9,853,791
c) Depreciation/ Amortization expense	9,969	-
d) Other Expenses	1,483,546	43,489,088
e) Finance costs	3,901,320	8,885,007
	8,720,562	259,839,607
	9,134,639	265,267,155
Less: a) Sale of Finished Goods (Polyester Staple Fibre)	-	217,346,177 *
b) Inventory (Polyester Staple Fibre)		
- Work in progress	-	350,000
- Finished Goods	-	14,631,525
	-	232,327,702
	9,134,639	32,939,453
Less: Allocation to Fixed Assets	-	32,525,376
Closing Balance	9,134,639	414,077

* Includes inter-unit transfer of ₹ 1,75,71,242

Note 36 SEGMENT INFORMATION		
a) Primary Segment (by Business Segment):		
Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), Company is primarily in the business of manufacture and sale of Polyester Staple Fibre and Polyester Yarn which are mainly having similar risks and returns. Since Company's business activity falls within a single business segment (synthetic textile), hence it has no other primary reportable segments.		
b) Secondary Segment (by geographical demarcation):		
Revenue from Operations (net of excise duty):		
- Domestic (Within India)	3,064,926,120	2,438,732,978
- Export	790,134,779	476,221,470
TOTAL	3,855,060,899	2,914,954,448

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 37 RELATED PARTY DISCLOSURES

37.I. Names of related parties & description of relationship:

A. Key Management Personnel:

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

B. Relatives of Key Management Personnel:

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

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

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

37.II Summary of Transactions:

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/ Relatives
i) Transactions during the year			
Managerial Remuneration	2,40,31,769 (64,03,334)	- (-)	- (-)
Salary	- (-)	7,47,000 (5,67,000)	- (-)
Reimbursement of Expenses	2,12,130 (2,00,888)	2,66,953 (3,48,143)	- (-)
Interest	18,71,889 (4,17,950)	82,309 (34,506)	12,62,439 (10,13,304)
Unsecured Loan/Fixed Deposit Accepted	5,29,22,955 (2,47,03,500)	5,85,000 (3,98,500)	1,54,50,000 (2,32,80,000)
Unsecured Loan/Fixed Deposit Repaid	5,61,77,101 (2,38,17,000)	3,03,500 (6,92,000)	2,57,69,944 (1,56,80,000)
Share Premium received on conversion of Warrants	4,24,80,000 (-)	- (-)	30,00,000 (-)
Share Warrants Money received	- (2,30,00,000)	- (-)	- (10,00,000)
ii) Amount Outstanding at Balance Sheet date			
Unsecured Loan/Fixed Deposit Outstanding	95,66,354 (1,28,20,500)	5,85,000 (3,03,500)	10,75,056 (1,13,95,000)
Amounts Payable	7,96,420 (7,04,303)	87,698 (52,885)	2,40,406 (5,23,842)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 37 RELATED PARTY DISCLOSURES

- 37.3 No amount has been written off or written back during the year in respect of debts due from or to related parties. (Previous Year Nil).
- 37.4 The Company has not given/provided any guarantee/collaterals for and on behalf of the aforementioned related parties.
- 37.5 Previous year figures have been given in brackets.

(Amount in ₹)				
		As at 31.03.2012		As at 31.03.2011
Note 38	CONTINGENT LIABILITIES AND COMMITMENTS			
(to the extent not provided for)				
i) Contingent Liabilities				
a)	Bills Discounted under Letters of Credit and outstanding	94,299,280		112,571,200
b)	Claims against the Company not acknowledged as debt	1,581,338		2,018,653
c) Disputed Tax matters under appeal:				
	- Custom Duty demand	-		778,780
	- Income Tax demand	250,000		-
	- Entry Tax Liability	2,787,849		2,787,849
	- RTO Tax liability in respect of Company's old vehicle	552,960		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)	136,278,910		3,550,000
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	8,998,694		140,584,206

Note 39 FINANCIAL & DERIVATIVES INSTRUMENTS

Nominal value of Forward Contracts entered into by the Company for hedging Foreign Currency Risks and outstanding as on 31st March, 2012 amounting to ₹5,16,50,664 (Previous Year ₹20,78,94,646)

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or forward contracts as at 31st March, 2012 amounting to ₹16,79,44,856 (Previous Year ₹13,81,66,179).

Note 40 EXCISE DUTY PROVISION

During the year 2010-11, Excise duty was imposed by Excise authorities on one of the Company's product through a Circular issued on 29th June, 2010. As per the legal opinion obtained, the Circular was not legally tenable as it was against the legal provisions as well as settled judicial position by CESTAT in company's own case. Company had disputed the imposition of excise duty through the Circular and taken the legal recourse. Pending the legal case, Company had, however, started paying excise duty, under dispute, since December 6, 2010. Liability of excise duty (net of Cenvat) for the period from 29th June, 2010 to December 5, 2010 is ₹ 88,91,127 (Previous Year ₹ 97,01,566), which has already been provided for in the books.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Note 41 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2012 (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 42

The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of revised Schedule VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per the revised Schedule VI. Accordingly, the previous year figures have also been reclassified and regrouped to conform to this year's classification and grouping. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of 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: 26th May, 2012

BHARAT KUMAR SAJNANI
Company Secretary

GOPAL AGARWAL
Chief Finance Officer



NOTICE

NOTICE is hereby given that the **TWENTY THIRD ANNUAL GENERAL MEETING** of the Members of GANESHA ECOSPHERE LTD. will be held on Saturday, the 29th day of September, 2012 at 2:15 P.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 II) and to declare Dividend on Equity Shares and Cumulative Redeemable Preference Shares (Series I).
3. To appoint a Director in place of Shri Vishnu Dutt Khandelwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Surendra Kumar Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Anoop Gupta, who was appointed as an Additional Director by the Board under Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose

his candidature for the office of Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Article 115(2) of the Articles of Association of the Company and Conditions of the Listing Agreement of the Company with the Stock Exchanges and subject to such approvals or sanctions as may be necessary, consent of the Company be and is hereby accorded for payment of remuneration to the Directors of the Company (other than Managing or Whole Time Director) in addition to the fees payable to them for attending the meetings of the Board or Committee thereof, by way of commission upto 1% of the Net Profits of the Company calculated in accordance with the provisions of Section 198, 349 and 350 of the Act and that such remuneration shall be paid to all the Directors for the time being in office (other than a Managing or Whole Time Director) or some or any of them, in such manner and proportion as the Board may decide or equally amongst all such Directors otherwise and such payment shall be made in respect of the profits of the Company for each year during the period of five years commencing from 1st April, 2012."

"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 for giving effect to this resolution."

Registered Office: Raipur, (Rania), Kalpi Road, Distt. Kanpur Dehat. Date: 13th August, 2012.

By Order of the Board
(BHARAT KUMAR SAJNANI)
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 6 and 7 as set out above is annexed hereto.
4. The Register of Members and Share Transfer books of the Company shall remain closed from **Saturday, 22nd September, 2012 to Saturday, 29th September, 2012** (both days inclusive).
5. The Dividend on Equity Shares and Preference Shares, as recommended by Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the Members at the Annual General Meeting, will be paid to those Members:
 - (a) whose names appear as 'Beneficial Owners' as at the end of the business hours on 21st September, 2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of Equity Shares held in dematerialised form and
 - (b) whose names appear on the Company's Register of Member 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 21st September, 2012, in respect of Shares held in physical form.
6. Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Transfer Agents, M/s Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.
7. Members holding Shares in physical form may write to the Company's Registrar & Transfer Agents, M/s. Skyline Financial Services Private Limited for any change in their address, if any, under their signatures clearly quoting their folio numbers, old address along with a valid address proof showing the changed

address with Pin Code, and Members holding Shares in electronic form may inform any change in address to their Depository Participants.

8. As per the Circular Nos. MRD/DoP/Cir-05/2009 and SEBI/MRD/DoP/SE/RTA/Cir-03/2010 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer/ transposition/ transmission of shares in physical form. Therefore, the transferee(s)/ legal heir(s) are required to furnish a copy of their PAN card to the Registrar & Share Transfer Agent of the Company.
9. Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
10. Members desirous of obtaining any information/ clarification concerning the Accounts and operations of the Company may send their query so as to reach the Company at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
11. The Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned ISIN INE845D01014. Members are requested to get their Shares dematerialized at the earliest to make them tradable.
12. Members are advised to submit their Electronic Clearing System (ECS) mandates to enable the Company to make remittance by means of ECS. Members holding shares in physical form may obtain and send the ECS mandate form to Registrar and Share Transfer Agent (RTA) of the Company i.e. M/s Skyline Financial Services Private Limited, D-153/A, First Floor, Okhla Industrial Area, Phase I, New Delhi-20, India. Members holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Members who have already furnished the ECS Mandate Form to the Company/ Registrar and Share Transfer Agent/ DP with complete details need not send it again.
13. The Members holding shares in physical form and not opted for ECS facility, may please mail their banker's name, branch address and account number to M/s Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company to enable them to print these details on the dividend warrant.

Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Transfer Agent cannot act on any

- request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.

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

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

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

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

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

17. The relevant details in respect of Item Nos. 3, 4 and 6 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 Surendra Kumar Kabra	Shri Anoop Gupta
Date of Birth	6th March, 1949	4th April, 1944	5th January, 1958
Date of Appointment	30th October, 1987	19th July, 1994	26th May , 2012
Qualification	M. Com	B.Com, LL.B, FCA	Chartered Accountant & Cost Accountant
Expertise in specific functional area	Having experience of over 39 years in trading of different types of Textile Yarns. Also has rich experience in the field of Accounting and Financial Management	Having 44 years experience in textile industry. Had been Managing Director for 11 years in Shree Manufacturing Company Ltd.	Corporate Financial Management
Chairman/ Director of other Companies (excluding foreign Companies)	Sandeep Yarns (P) Ltd.	■ Astha Textile Company Pvt. Ltd. ■ Jyotisheel Textile Company Pvt. Ltd. ■ Sheelendra Industries Ltd.	■ 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.	NIL	NIL

ANNEXURE TO NOTICE

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

Item No. 6:

With a view to broad base the Board and ensuring better Governance, the Board of Directors on 26th May, 2012, inducted Shri Anoop Gupta, as an Additional Director and he holds office up to the date of this Annual General Meeting of the Company. As required under Section 257 of the Companies Act, 1956, the Company has received notice from a member along with requisite deposit proposing for the candidature of Shri Anoop Gupta as a Director of the Company.

Shri Anoop Gupta is a Chartered Accountant and Cost Accountant, with additional qualifications in Law and Company Secretarial Practices. He founded Concept Management Consulting Limited in 1998, and is presently holding the position of Managing Director of the company.

The Board of Directors recommends the resolution for approval of the Members. None of the Directors of the Company except Shri Anoop Gupta himself may be considered as concerned or interested in the resolution.

Item No. 7:

The Members at the 18th Annual General Meeting of the Company held on 24th September, 2007 approved the payment of remuneration to the Non-Executive Directors by way of commission @ 1% of the net

profits of the Company for a period of 5 years commencing from 1st April, 2007, which has expired on 31st March, 2012. As Board is of the view that responsibilities of Non-Executive Directors and services rendered by them will continue to remain significant, it has in its meeting held on 13th August, 2012 approved the payment of such commission for further period of 5 years commencing from 1st April, 2012.

As required under Section 309 of the Companies Act, 1956 read with Article 115(2) of the Articles of Association of the Company and Conditions of the Listing Agreement of the Company with the Stock Exchanges, the Special resolution as set out in the accompanying Notice is intended to obtain the approval of the Members for making such payment. The Board of Directors recommends the resolution for approval of the Members.

Shri Vishwa Nath Chandak, Shri Anoop Gupta, Shri Surendra Kumar Kabra, Shri Satpal Kumar Arora and Shri Pradeep Kumar Goenka, being Non-Executive Directors may be deemed to be concerned or interested in the resolution.

Registered Office:
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat.
Date: 13th August, 2012.

By Order of the Board

(BHARAT KUMAR SAJNANI)
Company Secretary

IMPORTANT MESSAGE

MCA's Green Initiative for Paperless Communication

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

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

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

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



GANESHA ECOSPHERE LTD.

ATTENDANCE SLIP
GANESHA ECOSPHERE LTD.

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

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.
Joint Shareholders may obtain additional Attendance Slip on request.

NAME AND ADDRESS OF THE SHAREHOLDER(S)

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

No. of Shares held:

I hereby record my presence at the 23rd Annual General Meeting of the Company on Saturday, 29th September, 2012 at 2:15 P.M at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

SIGNATURE OF THE SHAREHOLDER/PROXY**

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



GANESHA ECOSPHERE LTD.

PROXY
GANESHA ECOSPHERE LTD.

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

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

I/We _____

R/o _____

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

_____ R/o _____

or failing him _____

R/o _____

as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Saturday, 29th September, 2012 at 2:15 P.M. at the Registered Office of the Company, or at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signed _____

*Applicable for members holding Shares in Electronic form.

Note: The proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time fixed for commencement of the aforesaid meeting.

Affix a
15 Paise
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 Surendra Kumar Kabra	
Shri Pradeep Kumar Goenka	
Shri Vishwa Nath Chandak	
Shri Satpal Kumar Arora	
Shri Anoop Gupta	

Chief Finance Officer

Shri Gopal Agarwal

Company Secretary

Shri Bharat Kumar Sajnani

Auditors

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

Bankers

State Bank of India
Allahabad Bank
Bank of Baroda

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 Unit :

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

Website:

www.ganeshaecosphere.com

BOOK POST

“If we're growing,
we're always going to be out of our comfort zone.

John Maxwell

If undelivered, please return to:



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