GANESHA ECOSPHERE LTD.

(FORMERLY KNOWN AS GANESH POLYTEX LTD.)

GESL/2017-18 29.09.2017

To,
The BSE Limited,
Corporate Relationship Department,
1st Floor, New Trading Wing,
Rotunda Building,
PJ Towers,
Dalal Street, Fort,
Mumbai-400 001.
Fax No.: 022-22723121, 22722037
Scrip Code: 514167

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra- Kurla Complex,
Bandra (East),
Mumbai-400051.
Tel No.: 022-26598100-8114/ 66418100
Fax No. : 022-26598237/38
Scrip Symbol: GANECOS

Sub.: Annual Report of the Company for the Financial Year 2016-17

Dear Sir/Ma'am,

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed copy of the Annual Report of the Company for the Financial Year 2016-17.

Kindly take the above on record and oblige.

Thanking you,

Yours faithfully,
For **Ganesha Ecosphere Ltd.**

(Bharat Kumar Sajnani)
Company Secretary-cum-Compliance Officer

Encl: As Above

Ganesha Ecosphere Ltd.
28TH ANNUAL REPORT 2016-17





RECYCLING FOR THE FUTURE

A MODEL BUSINESS

An Insight

The future belongs to those who sustain the present!

At Ganesha Ecosphere, we believe there's no such thing as waste – just resources put in the wrong place! Hence, we've dedicated ourselves to recycling so that we do not lose out on our potential resources, thereby reducing any negative impact on the environment. Sustainability has always been at the heart of our business philosophy and all our strategies focus on maintaining our status quo as a socially and environmentally responsible organisation.

Future is something that is always born out of the actions taken in the present. And recycling has been our way of building the safer, greener and better future that Earth deserves!



GESL is largest recycling Company of PET bottle scrap in India, pioneering in the manufacturing of recycled polyester staple fibre (RPSF) and yarn. Our business helps to provide our customers with value-added recycled products as well as ensure the wheel of recycling keep moving.

As PET usage continues to grow, the risk of PET waste unattended remains an important aspect to maintain the ecological balance. At GESL, we remain committed to deliver value to our stakeholders and emerge as a leading PET recycling organisation in India.

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To view this report online please log on to
www.ganeshaecosphere.com

Ganesha Ecosphere at a glance

Ganesha Ecosphere delivers a wide array of customized products recycled from PET waste.

Through our three operating facilities, we source PET waste from our wide network of collection centres, recycle and transform PET waste into several downstream products. Founded in 1987, today the Company is the largest and leading PET waste recycling company in India, ably led by its Chairman & Managing Director, Mr. Shyam Sunder Sharmma.

Headquartered in Kanpur, Uttar Pradesh, India, Ganesha Ecosphere today has robust collection network across the country, partnering with beverages companies and scrap dealers.

Read more about our business model on page 07

Net Revenue (₹ in crore)
2016-17
674.18
2015-16
647.29

PBT (₹ in crore)
2016-17
46.22
2015-16
34.38

Net Profit (₹ in crore)
2016-17
29.94
2015-16
24.86

EPS (₹)
2016-17
15.59
2015-16
12.84

Mkt Capitalisation (₹ in crore)
March 31, 2017
412.40
March 31, 2016
291.68

Net Worth (₹ in crore)
March 31, 2017
230.09
March 31, 2016
200.18

Key performance indicators

Statement of Profit & Loss

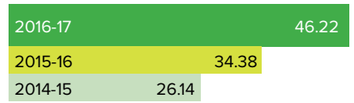
Net Revenue
(₹ in crore)



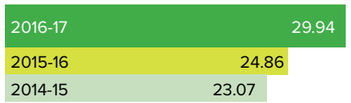
EBIDTA
(₹ in crore)



PBT
(₹ in crore)



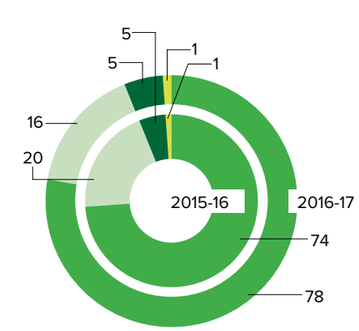
PAT
(₹ in crore)



EPS
(₹)



Revenue by products
(%)

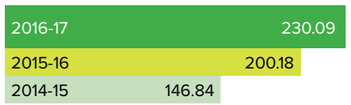


Balance Sheet

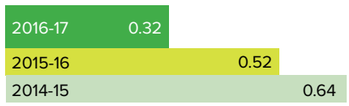
Gross block
(₹ in crore)



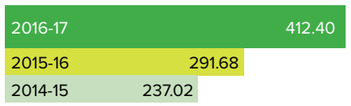
Net Worth
(₹ in crore)



Debt-equity



Market Capitalisation
(₹ in crore)



Capacities at a Glance

Locations	2015	2016	2017
Kanpur			
Twisted Filament yarn	3,000	3,000	3,000
RSPF	27,000	27,000	27,000
Rudrapur			
RPSF	39,600	39,600	39,600
Bilaspur			
RPSF	7,000	21,000	21,000
Recycled spun yarn	7,200	7,200	7,200
Total	**83,800**	**97,800**	**97,800**
Average Capacity utilization for the year	83%	87%	89%

* Capacities as on March 31 for each year
* Capacities in MTPA

Chairman's communiqué



Dear Shareholders,

FY2016-17 stood out as an important year in the history of Indian economy as a number of decisive economic measures were undertaken by the Central Government to keep the economic momentum of the nation unabated. It has been observed that although game-changing moves like the demonetisation and GST have resulted in an initial spell of volatility, over the long-term they are expected to bring in positive impact to the economic growth.

HERE AT GESL 'RECYCLING FOR THE FUTURE' ISN'T JUST ANOTHER STATEMENT, IT'S OUR ABIDING PHILOSOPHY.



Despite the aforementioned uncertainties, Ganesha Ecosphere managed to perform reasonably well during the year under review. The growth of our topline and bottomline by 4.15% and 20.43%, respectively is a case in point. We made this happen by focusing on our core competencies to meet a host of anticipated (growth and expansion) and unanticipated (a volatile marketplace) challenges.

Although most of our key performance indicators registered visible improvements during the fiscal gone by, certain aspects made us go back to the drawing board and recalibrate our strategies in line with the changing circumstances. Our EBITDA rose by 8.27% on account of improved capacity utilisation, our PAT margin improved by 60 bps reflecting a better operational management and declining clamping down of overheads. We also processed a record number of PET bottles during the year, a whopping 4.52 billion, from 4.43 billion in FY2015-16.

Operational highlights

Here at GESL 'recycling for the future' isn't just another statement, it's our abiding philosophy. As such, we have over the years leveraged the strength of our business model and the depth and width of our pan-India network to emerge as one of the biggest names in this niche vertical of ours.

From an operational prospective, the fiscal gone by went more or less as planned despite regulatory overhauls and subsequent segmental instabilities. We increased our capacity utilisation to 89% by improving the plant efficiencies. We added value at the hands of our shareholders by clocking a healthy bottomline growth, and sustainable cash flow generation with visible reduction in manufacturing costs. We also revamped our product portfolio by increasing the proportion of value-added products in a bid to cater to the emerging needs of our clients. The result was that we were able to infuse our Balance Sheet with a fresh dose of capital – we grew our book value to ₹ 119.98 per share, repaid long-term debt worth ₹ 30.32 crore (total debt reduced by almost 39% since FY14, while revenue increased by 35% during this period) achieved a long-term debt-equity ratio of 0.32 and recorded a ROCE of 16.05%.

Meanwhile, our passion for improvement remains stronger than ever. Over the course of the year, we set new standards in developing value-added products with greater acceptability. With our state-of-the-art recycled spun yarn facilities, we have emerged as one of the pioneers in this field and become a namesake for innovation. In order to replicate our

OUR PASSION FOR IMPROVEMENT REMAINS STRONGER THAN EVER. OVER THE COURSE OF THE YEAR, WE SET NEW STANDARDS IN DEVELOPING VALUE-ADDED PRODUCTS WITH GREATER ACCEPTABILITY. WITH OUR STATE-OF-THE-ART RECYCLED SPUN YARN FACILITIES, WE HAVE EMERGED AS ONE OF THE PIONEERS IN THIS FIELD AND BECOME A NAMESAKE FOR INNOVATION.



successes in various parts of India, we invested substantial time and effort in strengthening our collection network across the country. Consequently, we were able to mobilise ~250 tonnes of PET waste per day, one of the highest in the industry, translating into adequate raw material availability to our production lines.

Recognising our responsibilities

With rising concerns over global warming, our role in society has never been more important than what it is today. We at GESL believe that through our people and our work we can address critical environmental challenges and help transform communities. We remain committed to the cause of making our planet a better place to live in for the present and the future generations.

Subsequently, we continued to shrink our carbon footprint by cutting down our energy usage and diverting more PET waste from landfills. For instance, we recycled a record 4.52 billion PET bottles, consumed nearly 90,000 tonnes of PET waste, saved nearly 6.02 lac cubic yards space from turning into landfills and eliminated 1.22 lac tonnes of CO_2.

Looking ahead

With increasing awareness, more and more consumers are shifting their preferences towards recycled PSF materials and government policies are also supportive of environment-friendly practices by the private sector. In-keeping with our strategy to remain the market leader in the segment, we will continue to enhance capacities in targeted geographies and at the same time focus on increasing utilisation rates at existing plants.

Your Company is on track towards completing its additional 21,000 MTPA plant which is expected to become operational during second half of FY2018. This additional expansion will enable us to recycle more than one lakh tonnes of PET bottles, strengthening our market leadership position in the organised recycling segment. The focus of your Company has always been to maintain high levels of quality in products through innovative research and technology development across processes, products and applications. We believe that our hard work, dedication and innovative technology will help us create sustainable value for all our shareholders.

I express my sincere gratitude to our shareholders, investors and banks who continue to support us and without whom we would not have remained the largest and oldest company in India to recycle PET bottles into valuable products. Hence, I wish to express my appreciation to our employees and my colleagues on the Board for their tireless efforts and continued confidence in your Company. Let me assure you, we continue to stay focused on building a strong and sustainable business at Ganesha and enhance stakeholders' values in every possible way and we solicit your support for the years to come.

With warm regards,

Yours Sincerely,

Shyam Sunder Sharmma
Chairman

A model business

At Ganesha Ecosphere our business philosophy revolves around recycling – for a better today and tomorrow.

Our PET recycling business value-chain involves a number of stakeholders, from *kabadiwallahs* to small traders to PET consumers. The recycling business model forms an integral part of this value-chain, with particular focus on how to maximize the PET waste sourcing, improve efficiency in processing and reduce non-PET contamination in recycling streams.

Pet recycling business

1 Sourcing

First, we collect discarded PET waste through our effective collection network

2 Sorting

PET waste comprising bottles, caps and different colors is sorted and kept separately

3 Processing

Post the sorting, different waste are processed into customized fibre

4 Spinning

Spinning unit process the fibre into yarns of different quality

Ganesha Ecosphere's competitiveness

90,437
Tonnes of PET waste Consumed in FY 2016-17

20+
Collection centres across the country

20+ years
Experience in recycling Business

₹ 227.47 crore
Invested in last Five years in building state-of-the-art Production capacities

27%
CAGR growth in revenue during last ten years

300+
Customers in our portfolio

100+
Product variants manufactured

What makes us market leader

We believe that key to building a sustainable business is protecting long-term interests of our shareholders. By recycling PET waste, we are not only leaving a positive footprint on the environment, but also generating jobs, investments and helping local communities.

Our goals	How we deliver	In action 2016-17
Develop strong business edge	An eco-friendly business model helping turn waste into value. Our distinctive capabilities have helped create value across the value-chain of our recycle business model.	**Largest** PET waste recycler in India **90437** tonnes PET waste recycled
Be proactive	With evolving industry and market trends coupled with changing regulations, we stay on-course and adapt to make our business competitive.	**89%** Capacity utilization of RPSF **62%** Capacity utilization of DT/TF* yarn **100%** Capacity utilization of Recycled spun yarn
Create value	We have registered CAGR growth of 32% in profits during last ten years with a healthy debt-equity ratio of 0.32 as on March 31, 2017. We have been creating shareholder value by generating sustainable free cash flow over the long-term.	**4.11x** Interest coverage ratio **₹1.20** Dividend per share

*Dyed texturized / twisted filament

Our operations

Focus on value-added products	We continue to produce value-added products in our three business segments – RPSF, Dyed texturized yarn and Spun yarn.	**25%** Revenue generated through value-added products
Quality infrastructure	We continue to invest in strengthening our infrastructure to produce finished products for downstream industries like automobiles, geo-textiles, medical and packaging, textiles and non-woven applications.	**0.25%** Rejection levels in product manufactured
Collaborative partnerships	Ganesha Ecosphere has been collaborating with leading beverage makers, traders and vendors for effective collection of PET waste. This has helped us create a wide distributed network across the country.	**200+** Vendors, partners tied-up for PET waste collection

Our capabilities

Experience	With more than two and a half decades of existence, we have leveraged our knowledge to emerge as market leader in the industry.	**50%** Customers associated with the Company since last 5 years
Intellectual capital	Our workforce forms cornerstone of our success. Their commitment, dedication and dynamism drives the organization ahead.	**₹ 0.33** crore Revenue generated per employee
Product development	With more than 100 product variants in our portfolio, we have the expertise to develop products that meet the requirements of our downstream partners.	**20+** Member R&D team working on new product development/quality improvement

Profile of Board of Directors



MR. SHYAM SUNDER SHARMMA
Chairman-Cum-Managing Director

Mr. Shyam Sunder Sharmma, founder of the Company, aged 74 years, is a post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 53 years including 25 years with various Birla Group Companies in senior positions.

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



MR. VISHNU DUTT KHANDELWAL
Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged 68 years, is post-graduate in commerce and his area of expertise includes marketing and financial management. He possesses a rich experience of over 44 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 marketing and business development of the Company.



MR. SHARAD SHARMA
Joint Managing Director

Mr. Sharad Sharma, aged 51 years, is a commerce graduate and having more than 30 years experience in marketing and distribution.

He has been 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 day-to-day management and overall operations of the Company.



MR. RAJESH SHARMA
Executive Director

Mr. Rajesh Sharma, aged 48 years, is a commerce graduate and has rich experience spanning over 27 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 and operations of the Company's Rudrapur and Bilaspur units.



MR. GOPAL SINGH SHEKHAVAT
Director (Administration)

Mr. Gopal Singh Shekhavat, aged 64 years, is a bachelor in arts. He has rich experience spanning over 44 years in textile industry.

Presently, he looks after the Administration and HR of the Company. He was appointed to the Board of the Company as a Director (Administration) w.e.f. 1st June, 2013.



MRS. SEEMA SHARMA
Non-Executive Director

Mrs. Seema Sharma, aged 44 years, is a bachelor in arts and having administrative experience of approx. three years.

She was appointed to the Board as a Non-Executive Director on 8th September, 2016



MR. VISHWA NATH CHANDAK
Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged 80 years, is M.Com., LL.B. and has experience of over 40 years of working as a Senior President in Eastern Spinning Mills & Industries Ltd.

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

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



MR. PRADEEP KUMAR GOENKA
Non-Executive Independent Director

Mr. Pradeep Kumar Goenka, aged 63 years, is a member of the Institute of Chartered Accountants of India. He brings a rich professional experience of over 41 years in the field of finance and related consultancy services.

He is a practicing Chartered Accountant. He has served on the Board of several listed and non-listed companies from various industries including manufacturing and financial consultancy.

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



MR. SURENDRA KUMAR KABRA
Non-Executive Independent Director

Mr. Surendra Kumar Kabra, aged 73 years, is B.Com., LL.B. and is also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 49 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 past several years.

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



MR. ANOOP GUPTA
Non-Executive Independent Director

Mr. Anoop Gupta, aged 59 years, is Chartered Accountant and Cost Accountant, with additional qualifications in Law and Company Secretarial. He has more than three decades of diverse International experience in areas of Business Development, Corporate Finance, Strategy, Banking, Fund Management, Investment Product Engineering, Auditing and broad-spectrum Business Consulting. Mr. Gupta founded Concept Management Consulting Limited in 1998, and is presently the Managing Director of the company.

He was appointed to the Board in 2012.



MR. ABHILASH LAL
Non-Executive Independent Director

Mr. Abhilash Lal, aged 52 years, is a mechanical engineer and a post-graduate in management from Indian Institute of Management (IIM), Bangalore. He has rich experience of more than 26 years in all aspects of financial services including banking, consulting, insurance, investments, advisory etc. and had worked with HSBC for more than 11 years.

He was appointed to the Board of the Company as a Non-Executive Independent Director w.e.f. 29th September, 2014.



MR. NARAYANAN SUBRAMANIAM
Non-Executive Independent Director

Mr. Narayanan Subramaniam, aged 56 years, is a graduate from Indian Institute of Management, Ahmedabad (IIMA), Chartered Accountant, Cost & Management Accountant and Company Secretary. He has rich experience in funding start-ups as well as Control transactions in listed entities. He has served on the Board of several companies with distinction. He is also the Founder Chairman of the Venture Capital Association of India (VCAI).

He was appointed to the Board of the Company as a Non-Executive Independent Director w.e.f. 29th September, 2014.

Downstream applications



Management Discussion and Analysis

ECONOMIC OVERVIEW

The financial year 2016-17 witnessed a deceleration in global economic growth at under 3.0%, the slowest since 2009. Weakness in global trade coupled with low investment cycle and rebalancing of economic activity in China from manufacturing-led demand towards consumption and services-led growth contributed to the declining growth. Lack of political support for trade policies in advanced economies and gradual tightening of monetary policy in the United States kept the growth subdued.

However, with a boost from recent fiscal initiatives, notably in China and the United States, together with an easier stance in the euro area, the world has been witnessing improved momentum in economic activity around the turn of the year. Rise in consumer and business confidence in most advanced economies, cyclical uptick in global manufacturing and trade as well as better prospects for emerging markets have led to most forecasts predicting an improved outlook for global growth, seen at 3.3% in 2017 and 3.6% in 2018. Much of the demand in emerging economies is expected to continue to be driven by China, catalyzed by public and private investment spending.

Although growth is expected to strengthen, benefitting from recovery in commodity prices, protectionist policies by governments are increasingly being seen as risks to global growth. Headline inflation in most countries is rising as a result of higher oil and other commodity prices, but is expected to remain subdued until economic expansion gains significant robust traction.

On the domestic front, the Indian economy has, for a long time, remained in a sweet spot as compared with most other emerging economies, with the country's GDP growing at a robust 7.1% last year and expected to increase momentum in 2017-18. On the positive side, the economy was buoyed by government consumption, 7th pay commission salary payments and recovery in demand for exports to advance economies. Headline inflation, however, rose during the early part of the year due to higher international oil prices. While the overall inflation, both headline and core inflation, have remained below 5%, the risks to upside remain as rising input costs feed into output prices in the wake of rising demand.

Last year also witnessed significant international political changes and radical domestic policy actions, which have brought about need for substantial shifts in the underlying growth drivers, namely demonetization and passage of the transformational Goods and Services Tax (GST).

Demonetisation of large currency notes signaled a regime change, aimed at penalizing illicit wealth and so-called 'black money'. While the move is expected to create short-term pressures on cash flows for most businesses, especially small and medium-sized businesses, the long term benefits are expected to accrue to India's economic growth as more income gets accounted within the formal economy. Furthermore, the government has taken several initiatives to encourage a shift in consumer behavior towards adoption of digital instruments for various transactions, away from the informal cash system, which is expected to eventually lead higher GDP growth, better tax compliance and tax revenues.

The Goods and Services Tax (GST) is targeted towards creating a common Indian market, with uniform and simplified taxation regime, which in turn is expected to boost investment and growth for the economy.

The government also enacted a package of measures to assist the clothing sector that by virtue of being export-oriented and labor-intensive could provide a boost to employment, especially female employment. Other structural reform measures such as solidifying the legal basis for Aadhaar, overhaul of bankruptcy laws and easing foreign direct investment rules cemented India's reputation as one of the few bright spots in an otherwise tempered global economy. India is among the world's fastest growing major economies, underpinned by a stable macro-economy, lower-than-before inflation and interest rates and improving domestic consumption demand.The Economic Survey has forecast India's GDP growth between 6.75% to 7.5% for FY17-18.

GLOBAL PET INDUSTRY

Polyethylene terephthalate (PET) is the building block of the common polyester chain. Polyester resin manufacturers create PET from mono-ethylene glycol (MEG) and purified terephthalic acid (PTA), which is derived from fossil fuels such as crude oil and natural gas. PET is a strong, stiff synthetic fibre and resin which is also clear, tough, lightweight and shatterproof making it ideal for use as packaging material across a wide array of product applications such as bottled drinking water, carbonated soft drinks, edible oils, juices, jars, tubs and trays for food items, sheets and films for packaging.

The global retail consumption of PET bottles in food, beverages, personal and home care industries amounted to 488 billion in 2016, comprising 14% of the total sales in the retail packaging industry. Most of the demand continues to come from Asia, particularly China, apart from Africa and the Middle East. Due to its light weight which reduces fuel consumption in transportation, and its barrier properties which keep food fresh longer and reduce food waste, plastics are increasingly replacing other packaging materials. The global consumption of PET bottles is set to reach 21.1 million tonnes by 2021, fuelled by further technological developments such as packaging for milk, hot sauces and cooking preparations.

The global polyethylene terephthalate (PET) market was worth US$25.11 bn in 2016. Rising at a 5.80% CAGR, the market's opportunity is expected to US$39.16 bn by the end of 2024. (Source: Research and Markets)

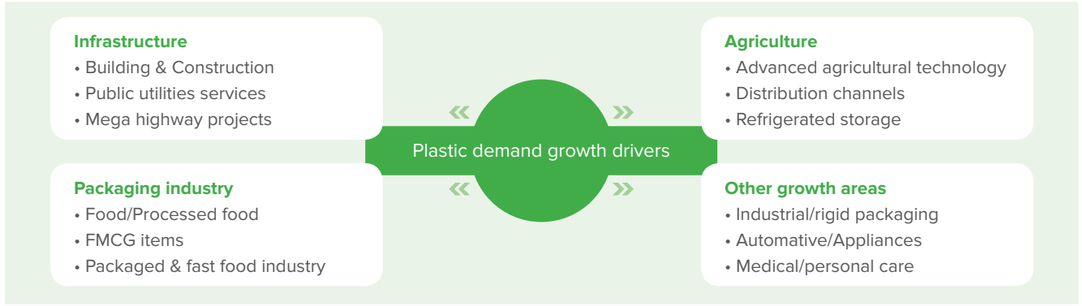
INDIAN PET INDUSTRY

Plastic recycling is a process of cleaning, sorting and processing of pre-consumer or post-consumer plastic waste into resins for various applications. This plastic scrap can be rigid, like bottles, containers, furniture etc., or non-rigid, like films, wrappers, pliable sheets etc. The plastic recycling market is also segmented based on resin type as PET, PP, HDPE, LDPE, PS, PVC, and others. PET is largely recycled into PET fibers and yarns for textile applications.

Globally, India is one of the fastest growing markets for PET resins. Robust growth in packaging sector, rapid industrialization and growing urbanization are the major factors fuelling the country's PET resins market. Moreover, emerging economy, new capacity additions and increasing consumption of packaged food & beverages are further expected to aid the Indian market of PET resins during 2016-2025. The PET resin market in India is pegged at around US$1 billion and expected to grow at a CAGR of 8.6% between 2014 and 2019. The market of PET resins in India is anticipated to cross US$ 9.1 Billion by 2025.

The Government of India has also introduced the plastic waste management rule recently with an extended responsibility for recycling plastic scraps on all the manufacturers, producers and bulk generators of plastic. Therefore, this will have a good and positive impact on the industry in the time to come.

Growth drivers

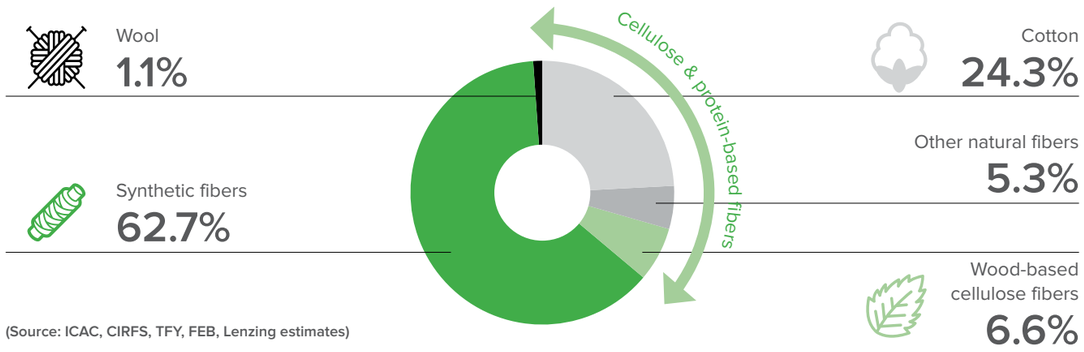


(Source: Tata Strategic)

GLOBAL FIBRE MARKET

The increase of the world fiber market consumption was 1.5% up to 99 million tons in 2016 according to preliminary calculation. Oil-based synthetic fibers had the biggest share with 62.7%. Cellulosic and protein-based fibers consist of cotton (around 24.3%), wood-based cellulose fibers (around 6.6%), other natural fibers (around 5.3%) and wool (around 1.1%).

Global fiber consumption in 2016 by type of fiber in percent (basis = 99 mn tons)



(Source: ICAC, CIRFS, TFY, FEB, Lenzing estimates)

The year 2016 will always be remembered from textile perspective as historic milestone. The world market size has surpassed the incredible volume of 100 million tonnes. Fiber production on global stage has grown 3% to 100 million tonnes due to 8% rebound in cotton production after disastrous contraction in the 2015-16 season. The world market has even arrived at 101 million tonnes when taking into account the cotton consumption which was fairly unchanged to the preceding year. Manmade fibers now occupy 70% of the global market. While synthetic fibers have suffered from their slowest growth in eight years at below 2% cellulosic fibers have expanded at a rate above 3%.

(Source: The Fiber Year)

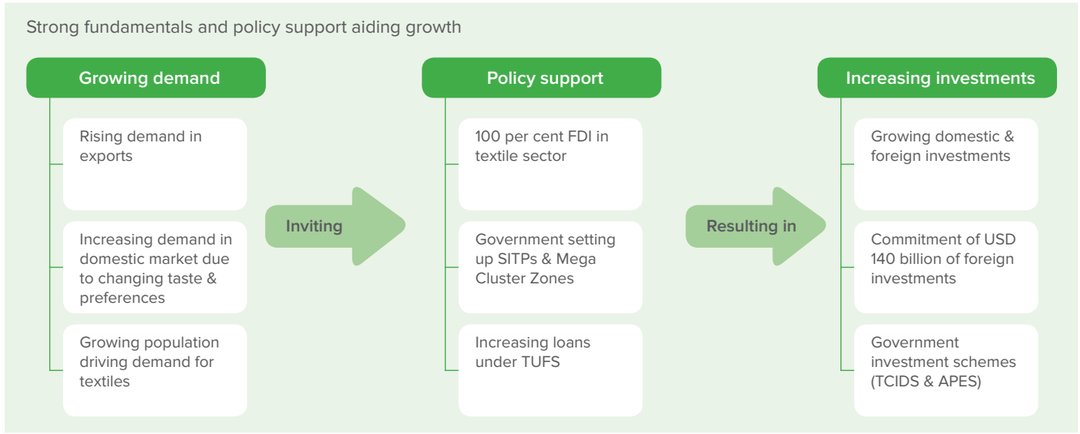
INDIAN FIBRE MARKET

The fundamental strength of the textile industry in India is its strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk & wool to synthetic / man-made fibres like polyester, viscose, nylon & acrylic. India accounts for about 14 per cent of the world's production of textile fibres & yarns (largest producer of jute, 2nd largest producer of silk & cotton; & 3rd largest in cellulosic fibre). India is the 2nd largest producer of Manmade Fibre & Filament, globally, with production of around 211 million kg in 2016- 17.

Production of man-made fibre has also been on an upward trend. Production stood at 1.347 million tonnes in FY16 with the figure reinforcing a recovery from 2009 levels. During FY17, production of man-made fibre in India stood at 1.36 million tonnes.

CRISIL Research expects overall PSF demand to continue growing at 4.5-5.5 per cent CAGR as against 5.3 per cent CAGR in the last five years. Demand from blended yarn and other applications, which account for 58 per cent of PSF demand, is expected to increase at 3-4 per cent till 2018-19 driven by demand for blended fabric because of the expected price differential vis-a-vis cotton fabric.

Growth drivers



Source: Ministry of Textiles, TechSci Research
Notes: TCIDS - Textile Center Infrastructure Development Scheme, APES - Apparel Park for Exports Scheme

ABOUT THE COMPANY

GESL recycles PET into "RPSF" (Recycled Polyester Staple Fibre) that finds application in clothing, technical textile, fibrefill, automotive etc. The Company has been into sustainable business of PET recycling since 1995 and recycles more than 4 billion PET Waste today.

GESL pioneered the manufacture of Recycled Polyester Staple Fibre (RPSF) and Recycled Polyester Spun Yarn (RPSY) from pre and post consumer PET Bottle scrap under the leadership and visionary farsightedness of our illustrious Chairman cum Managing Director Shri Shyam Sunder Sharmma. Ganesha is headed by a team of dynamic professionals.

Being into sustainable business of PET bottle recycling, the Company aims to collect maximum PET waste through its 20+ collection centres across India and minimize its environmental impact by turning it into resource.

Having its manufacturing units at Kanpur (Uttar Pradesh), Rudrapur (Uttarakhand), and Bilaspur (Uttar Pradesh), Ganesha has a cumulative capacity of 97800 Tonnes per annum (87,600 TPA of RPSF and 7200 TPA of RPSY and 3000 TPA of Dyed and Texturised/ Twisted Filament Yarn) of RPSF and yarn.

The collected waste PET bottles are compressed and packed into bales that are shipped to manufacturing facilities. These bales are sorted to remove non PET stuffs, which are further cleaned, chipped to small flakes and converted into RPSF through high speed extruders in a non-chemical process. The products (fibre/yarn) manufactured by GESL find application in some or the other form to manufacture textile (T-Shirts, body warmers etc), functional textiles (non-woven air filter fabric, geo textiles, carpets, car upholstery) and fillings (for pillows, duvets, toys).

FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2016-17	FY 2015-16	y-o-y growth (%)
Revenues from operations (net)	674.18	647.29	4.15
Operating profit (EBIDTA)	81.52	75.29	8.27
Profit before tax	46.22	34.28	34.83
Profit after tax	29.94	24.96	19.95
Cash profit	50.37	45.91	9.71
Earnings per share (₹)	15.59	12.84	21.42

SHAREHOLDERS' FUNDS

The Company's equity authorised share capital is ₹ 2400 lac with an equity share of ₹ 10/- each, which remained the same throughout the year. The paid up share capital for the year ended 31st March, 2017 was ₹ 1917.69 lac. The reserves and surplus of the Company as on 31st March, 2017 was ₹ 21090.94 lac.

NET WORTH

The Company's net worth was ₹ 23008.63 lac as on 31st March, 2017, which increased by 14.94% compared to the previous year's ₹ 20018.04 lac as on March 31, 2016.

The capital employed increased by 4.89% in FY17 to ₹ 38056.22 lac from ₹ 36283.03 lac in FY16. The return on capital employed changed to 16.05% in FY17 from 14.95% in FY16.

The long-term debt-equity ratio stood at 0.32 in FY17 as compared to 0.52 in FY16 and the long-term borrowings reduced from ₹7174.80 lac as on 31st March, 2016 to ₹ 3676.56 lac as on 31st March, 2017.

GROSS BLOCK

Fixed assets (tangible and intangible assets) stood at ₹ 35650.27 lac as on 31st March, 2017, increased marginally on account of maintainance capex.

ANALYSIS OF PROFIT AND LOSS ACCOUNT

The Company's total revenue for FY17 was ₹ 67643.25 lac as compared to ₹ 64,875.15 lac in the previous year. The other income increased to ₹ 225.51 lac in FY17 and as a proportion of the total income, it stood at 0.33%.

The raw material expenditure cost in FY17 was ₹ 41124.46 lac leading to a change of 5.29% compared to FY16. The Employee welfare costs increased from ₹ 3,932.13 lac in FY16 to ₹ 4,403 lac in FY17.

Depreciation and amortization expenses changed from ₹ 2,104.90 lac in FY16 to ₹ 2,043.12 lac in FY17. The Finance Cost during the year decreased by 25.13% from ₹ 1,986.22 lac to ₹ 1,487.12 lac and the interest coverage ratio showed an improvement of 4.11x in FY17 over 2.73x for FY16.

EBITDA was ₹ 8,152 lac at 12.12% margin in FY17as compared to the EBITDA of ₹ 7,529 lac at 11.65% margin of the previous year. The Company has earned a Profit before Tax (PBT) of ₹ 4,622 lac in comparison to ₹ 3,438 lac in the previous year. Profit after Tax (PAT) for the year was ₹ 2,994 lac at 4.45% margin compared with ₹ 2,486 lac in FY16 at 3.85% margin. EPS for the year was ₹ 15.59 compared with ₹ 12.84 in FY16.

WORKING CAPITAL MANAGEMENT

Current assets stood at ₹ 18,743.28 lac in 31st March 2017 compared to ₹ 15,301.21 lac in 31st March, 2016. Current ratio was 1.16 as on 31st March, 2017 against 1.23 as on 31st March, 2016. The current ratio slipped marginally due to higher repayments of term loans as well as ongoing expansion project.

Inventories in FY17 increased by 33.18% from ₹ 6,926.88 lac in FY16 to ₹ 9,225.41 lac in FY17. The closing inventory as on 31st March, 2017 represented 57 days of turnover compared to 45 days of turnover in 31st March, 2016.

Debtors as on 31st March, 2017 stood at ₹ 5,605.49 lac against ₹ 4,973.54 lac as on 31st March, 2016, leading to a change of 12.71%. The debtors' cycle changed to 30 days of turnover as against 28 days in 31st March, 2016. Cash & Bank Balances changed from ₹ 377.64 lac in 31st March, 2016 to ₹ 1,118.10 lac during 31st March, 2017.

Short term borrowings changed from ₹ 4,647.62 lac in 31st March, 2016 to ₹ 6,252.93 lac in FY17. Trade payables also stood at ₹ 3,386.15 lac during 31st March, 2017.

10 YEARS AT A GLANCE

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Key Financials (₹ in crore)										
Net sales	672.52	646.49	621.95	498.79	435.05	385.23	291.30	198.90	135.37	105.42
EBIDTA	81.52	75.29	64.68	56.30	48.19	43.38	36.30	24.30	17.31	12.35
PAT	29.94	24.86	23.07	24.54	24.12	20.69	18.02	9.00	4.34	3.75
EPS (₹)	15.59	12.84	13.36	16.74	15.52	14.10	12.99	8.45	4.35	3.62
Net worth	230.09	200.18	177.92	124.84	100.92	79.48	56.79	37.42	23.98	20.20
Book value per share (₹)	119.98	110.37	95.54	81.14	66.46	56.13	40.46	35.67	24.33	20.50
Cash accruals	50.37	45.91	41.94	37.10	35.58	31.68	26.92	15.92	10.00	7.35
Key Ratios										
Debt-equity ratio	0.32	0.52	0.64	1.18	1.22	0.64	0.96	0.94	1.54	1.37
Return on equity (ROE)	13%	11.63%	13.92%	20.36%	23.37%	25.11%	30.62%	22.34%	15.72%	16.78%
ROCE	16.05%	14.95%	12.01%	11.88%	19.29%	17.84%	18.8%	16.5%	12.2%	11.7%
Environmental Conservation										
Bottles consumed (in billion)	4.52	4.43	3.76	3.35	2.42	2.34	2.26	1.53	1.42	0.87
Landfill space saved (in cubic yards)	602,313	589,802	500,923	445,771	322,353	311,250	301,199	203,811	189,448	116,543
CO_2 elimination (in tonnes)	122,090	119,554	101,538	90,359	65,342	63,091	61,054	41,313	38,402	23,624

RISK MANAGEMENT

1. INDUSTRY RISK

Reduction in demand from the end-user segments could lead to a risk of adverse affect on the Company's offtake.

Mitigation: The synthetic fibre demand in the domestic market is increasing by 4.5% CAGR which is largely being met by RPSF.

2. BUSINESS PORTFOLIO RISK

The Company is exposed to the risk of being focused on growth of PET industry - one of the core raw materials for the manufacture of its downstream products.

Mitigation: PET industry being poised for significant growth in the years to come, with increasing usage across various industries and PET resin consumption growing at 8.6% CAGR and so the waste, the Company does not expect much material impact in the medium term due to this risk.

3. PROFITABILITY AND MARGINS RISK

The Company's excessive dependence on the volume based products will have an influence on the margins.

Mitigation: Constant efforts towards development of new value added products will be further fueled with the ongoing brown field expansion making less dependency on high volume low margin products.

4. QUALITY RISK

PET bottle scrap being the main input, the quality of final products could lead to an adverse affect due to the contamination levels.

Mitigation: The Company is committed for enhancing its operational efficiency with upgraded technology across its manufacturing facilities. Its competent workforce ensures high capacity utilisation levels with optimum production and reduced wastages. This enables the Company to produce products of high quality, fostering strong customer relationships.

5. COMPETITION RISK

Increase in competition from the new players and unorganized players can be challenging for the future prospects of the Company.

Mitigation: The Company has one of the largest capacities for PET recycling in India. So, the large capacities and the strong infrastructure gives competitive advantage for realising economies of scale. The Company has created a unique advantage with its pan-India presence and proximity to industrial hubs which resulted in an entry barrier for new entrants.

6. FUNDING RISK

The Company may face funding risks if it is unable to fund in a cost-effective manner specially when there is growth in the business and expansion needs.

Mitigation: Timely payments of financial obligations and proper gearing helps the Company to raise additional debt in a cost-effective manner. The debt-equity ratio of the Company as on 31st March 2017 was 0.32, which provides the Company enough room to borrow additional debt. The interest cover was 4.11x as on 31st March 2017, showing the Company's capability to efficiently service debt. With improving debt profile and increasing market capitalisation, Company is able to arrange required funds in timely and cost effective manner.

7. INVESTMENT RISK

The Company involves in continuous investments through organic route, required for the expansion of capacities in the business segments. Improper consideration of investments may result in lower returns than estimated.

Mitigation: The Board evaluates and monitors each of the probable capital investments keeping in mind the contingencies, opportunities and rewards. Thus, the Company has adequate checks and balances in order to manage the risk.

8. CURRENCY VOLATILITY RISK

The variations in the foreign currency may lead to in changes in margins for the Company.

Mitigation: The raw material sourcing of the Company is done nationally because of the strong base developed for its collection centres. The Company is in a position to gain with currency depreciation for its increasing exports as a result of strong demand for its finished products across the globe. There is judicious mix of INR and forex borrowings which is constantly monitored. The forex risks are dealt through cautious hedging policies.

9. SAFETY, HEALTH AND ENVIRONMENT RISK

As the Company is involved in the waste management business, it is essential for the Company to ensure that there is no risk involved in the health and safety of its stakeholders.

Mitigation: The Company endeavours to achieve zero tolerance and maintain full compliance with the laws and regulations that it is governed with. All its manufacturing facilities are certified with domestic and international certifications. In compliance with its business model, the Company ensures converting waste into valuable products.

HUMAN RESOURCE DEVELOPMENT

The Company has Human Relations and Industrial Relations policies in force. These are reviewed and updated regularly in line with the Company's strategic plans.

At GESL, we believe in meritocracy and performance. We encourage a multicultural, well-informed and target-oriented employee base that is responsive to the needs of other colleagues, clients and the society at large. We conduct regular training programs within the organization to improve capability, enhance skills and knowledge of the employees while preparing them to get the best out of new opportunities.

As on March 31, 2017, the Company had a workforce of 2068 permanent employees on rolls.

INTERNAL CONTROL SYSTEM

The organization is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported.

Recognizing the important role of internal scrutiny, the Company has an internal audit function which is empowered to examine the adequacy of, and compliance with, policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process.

The Audit Committee regularly reviews the adequacy and efficacy of the internal control systems and procedures.

CAUTIONARY STATEMENT

The Investors are hereby informed that statements in the Directors' Report and Management Discussion and Analysis describing the objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations and the actual performance in coming years could differ from what is expressed or implied. The factors that could affect the Company's performance are the economic and other factors that affect the demand – supply balance in the domestic market as well as in the international markets, changes in government regulations, tax laws and other statutes and host of other incidental implications.

Directors' Report

To the Members of
Ganesha Ecosphere Ltd.

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2017 as compared to the preceding year are as under:

(₹ in crore)

Particulars	Current Year (2016-17)	Previous Year (2015-16)
Total Revenue	676.43	648.75
Profit before Finance Costs, Depreciation and Amortization Expense	81.52	75.29
Less: Finance Costs	14.87	19.86
Less: Depreciation & Amortization Expense	20.43	21.05
Profit before Tax	**46.22**	**34.38**
Tax Expense	(16.28)	(9.52)
Profit after Tax	**29.94**	**24.86**

FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company recorded a growth of 4.15%, with revenue from operations of ₹ 674.18 Crore, during the year under review, as compared to ₹ 647.29 Crore in FY 2015-16. The increase in revenue is primarily on account of volume growth. Earnings before Depreciation, Interest and Taxation (EBITDA) with ₹ 81.52 Crore witnessed a growth of 8.27%, as compared to ₹ 75.29 Crore in the previous year. During the year under review, the Net Profit of the Company increased by 20.43% at ₹ 29.94 Crore as against ₹ 24.86 Crore in previous year.

Despite disruption caused by demonetization in second half of F.Y. 2017, your Company has been able to maintain growth and to achieve satisfactory results during the year.

Your Directors are pleased to report that the expansion project of Recycled Polyester Staple Fibre (RPSF) of 21,000 TPA at Temra, Bilaspur, Distt. Rampur (U.P.), is progressing satisfactorily and expected to be operational during second half of F.Y. 2018.

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 of the Company, involving cash outflow of ₹ 2,76,97,005/- (inclusive of dividend distribution tax of ₹ 46,84,753/-) for the financial year 2016-17. Dividend has been kept at last year's level due to requirement of cash for funding ongoing expansion project.

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, Interim dividend for the financial year 2009-10 amounting to ₹3,97,086/- being unclaimed for more than 7 years from the date it was lying in the unpaid dividend account, had been transferred by the Company to the Investors Education and Protection Fund (IEPF) of the Central Government.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is provided in a separate section forming part of the Annual Report.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company has no Subsidiary, Associate and Joint Venture Companies during the year, as such; the requirement of furnishing information relating to performance and financial position of the Subsidiary, Associate and Joint Venture Companies is not applicable.

DIRECTORS

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Vishnu Dutt Khandelwal (DIN: 00383507), Director of the Company retires from the Board by rotation, at the ensuing Annual General Meeting of the Company and being eligible he has offered himself for re-appointment.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company had received the declarations u/s 149(7) of the Companies Act, 2013 from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(i)(b) of the Listing Regulations.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company comprises of six Directors, out of which five Directors are independent. The composition and other details are provided in the Corporate Governance Report of the Company. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

KEY MANAGERIAL PERSONNEL

During the year under review, following are the Key Managerial Personnel of the Company:

Sl. No.	Name of the person	Designation
1.	Shri Shyam Sunder Sharmma	Chairman and Managing Director
2.	Shri Sharad Sharma	Joint Managing Director
3.	Shri Gopal Agarwal	Chief Financial Officer
4.	Shri Bharat Kumar Sajnani	Company Secretary & Compliance Officer

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, in respect of the financial year ended 31st March, 2017, confirm that:-

a) in preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;

b) they have selected such accounting policies and applied them consistently and made 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;

c) they have taken proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared Annual Accounts on a 'going concern' basis.

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls commensurate with the size of the Company and the nature of its business, with reference to financial statements. The Audit Committee of the Board of Directors regularly reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same.

NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the financial year 2016-17 are given under the Corporate Governance Report.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is included in this Report as **"Annexure A"** and forms an integral part of this Report.

LISTING

The Equity Shares of the Company are presently listed at BSE Limited and National Stock Exchange of India Ltd. and the listing fee, for the year 2017-18, for both the Stock Exchanges is paid upto date.

AUDITORS AND AUDITORS' REPORT

a. Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made there under, the term of office of the present auditors of the Company, M/s. Mehrotra Rakesh Kumar & Co., Chartered Accountants, Kanpur, will expire at the conclusion of the ensuing Annual General Meeting.

The Board of Directors places on record its appreciation to the services rendered by M/s. Mehrotra Rakesh Kumar & Co., as the Statutory Auditors of the Company.

The Board of Directors of your Company has recommended the appointment of M/s. Narendra Singhania & Co., Chartered Accountants, New Delhi, as the Statutory Auditors of the Company, for a term of 5 (five) consecutive years, to hold office from the conclusion of this 28th Annual General Meeting until the conclusion of the 33rd Annual General Meeting, subject to the approval of the Members.

M/s. Narendra Singhania & Co., have confirmed their eligibility and qualification required under the Act for holding the office, as Statutory Auditors of the Company.

The Auditor's Report for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

b. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed M/s. S.K. Gupta & Co., Company Secretaries, as Secretarial Auditor, to undertake Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed herewith as **"Annexure B"** to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

c. Cost Auditors

M/s. R. M. Bansal & Co., Cost Accountants (Firm Regn. No.:00022) and M/s. Rakesh Misra & Co., Cost Accountants (Firm Regn. No.: 00249), have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its products 'Yarn' and 'Recycled Polyester Staple Fibre' respectively, for the financial year 2017-18.

As required under the Companies Act, 2013, the resolutions seeking Member's ratification for the remuneration payable to Cost Auditors forms part of the Notice convening the Annual General Meeting.

d. Internal Auditors

Pursuant to the provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, your Company engaged the services of M/s. Kapoor Tandon & Co., Chartered Accountants, Kanpur, to conduct the Internal Audit of the functions and activities of the Company for the Financial Year 2016-17. The Internal Audit Report is placed before the Audit Committee of the Company, time to time.

RELATED PARTY TRANSACTIONS

The Company's Policy on Related Party Transactions is disclosed on the website of the Company at the link http://ganeshaecosphere.com/wp-content/uploads/2016/05/related-party-transaction.pdf

During the financial year under review, all transactions entered into with Related Parties were in the ordinary course of business and on an arm's length basis and they are placed before the Audit Committee as also to the Board for approval. Omnibus approval from the Audit Committee was obtained on annual basis for transactions which are of repetitive nature. During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the Company's Related Party Transactions Policy. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable. The related party transactions are disclosed under Note No. 37 of the Notes to Financial Statements for the year ended 31st March, 2017.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS BY THE COMPANY

Your Company has not made any investments, given loans and guarantees attracting provisions of Section 186 of the Companies Act, 2013.

WHISTLE BLOWER POLICY

Pursuant to Section 177 of the Companies Act, 2013 and the Listing Regulations, the Company has adopted Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The details of the policy are explained in the Corporate Governance Report.

The Policy has been posted on the website of the Company and may be accessed at the link http://ganeshaecosphere.com/wp-content/uploads/2016/05/whistle-blower-policy.pdf

NOMINATION AND REMUNERATION POLICY

Our current Nomination and Remuneration Policy is to have an appropriate mix of Executive and Non-Executive directors including the independent directors to maintain the diversity and independence of the Board.

The detailed policy on director's appointment and remuneration, including criteria for determining positive attributes, qualifications and independence of a director as required under Section 178(3) of the Companies Act, 2013 is available on the website of the Company at the link http://ganeshaecosphere.com/wp-content/uploads/2016/08/Policy-on-Nomination-Remuneration-And-Board-Diversity.pdf and is also annexed as **"Annexure C"** to this report. Further, we affirm that the remuneration paid to the Directors is as per the terms laid out in Nomination and Remuneration Policy of the Company.

BOARD EVALUATION

The Board of Directors at its meeting held on 1st February 2017, had evaluated its own performance and of its committees along with performance of individual directors including independent directors. The Evaluation Process was conducted through a structured questionnaire prepared after taking into consideration the various aspects laid down under the "Nomination, Remuneration and Board Diversity Policy" of the Company. The Board of Directors expressed satisfaction with the evaluation process.

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the performance evaluation of the Chairman, the Non-Independent Directors, the Board and its Committees was carried out by the Independent Directors at its meeting held on 1st February 2017.

RISK MANAGEMENT

Risk management is an ongoing process and embedded in the operating framework of your Company. Your Company believes that managing risks helps in maximizing returns. The Board members are regularly informed about the potential risks, their assessment and minimization procedures. The Board frames a plan for elimination / minimization of the risk and further lays out the steps for implementing and monitoring of the risk management plan.

There are no risks which in the opinion of the Board are of the nature that can threaten the existence of the Company. However, the risks inter-se those are generally dealt in regular course of business and have to be taken care of, are fluctuations in foreign exchange rates and prices of raw material as well as finished products.

The Risk Management Policy has been uploaded on the Company's website and may be accessed at the link www.ganeshaecosphere.com/wp-content/uploads/2016/05/risk-management-policy.pdf

CORPORATE SOCIAL RESPONSIBILITY

Your Company is committed to focus on inclusive growth and improving lives by contributing towards communities around which it operates. The Company works primarily through its CSR Trust i.e. "Ganesh Memorial Trust", towards supporting projects in the area of promoting education among differently abled, eradicating hunger and promoting healthcare including preventive healthcare. These projects are in accordance with Schedule VII to the Companies Act, 2013 and the Company's CSR policy.

The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **"Annexure D"**. The CSR Policy has been uploaded on the Company's website and may be accessed at the link http://ganeshaecosphere.com/wp-content/uploads/2016/05/corporate-social-responsibility-policy.pdf

DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposit from public in terms of the provisions of Sections 73 and 76 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

In terms of Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company, during the year, has accepted an amount of ₹46,50,000/- as unsecured loans from the directors and the balance outstanding as on 31st March, 2017 was ₹3,28,00,000/-.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year 2016-17 and the date of this Report. Further, there was no change in the nature of business of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company and its future operations.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as **"Annexure E"**.

PARTICULARS OF EMPLOYEES

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as **"Annexure F"** and forms an integral part of this Report. The information showing names and other particulars of employees as per Rule 5(2) and 5(3) of the aforesaid Rules forms part of this report. However, as per first proviso to Section 136(1) of the Act,

the Annual Report excluding the aforesaid information is being sent to the members of the Company and others entitled thereto. The said information is available for inspection by members at the registered office of the Company during business hours on all working days upto the date of ensuing Annual General Meeting. Any member interested in obtaining a copy thereof, may also write to the Company Secretary.

CORPORATE GOVERNANCE

As required under Schedule V to the Listing Regulations, a separate section on Corporate Governance together with Certificate from the Company's Auditors confirming compliance of the conditions of Corporate Governance, forms an integral part of this Report.

POLICY ON SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace with a mechanism of lodging complaints in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. No complaints were reported to the Board for sexual harassment of women at work place during the financial year 2016-17.

ACKNOWLEDGEMENTS

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

Your Directors also wish to place on record appreciation to the employees at all levels, whose hard work, co-operation and support helped us face all challenges and deliver results. We are also grateful to all the Shareholders, customers, dealers, agents, suppliers and bankers of the Company for reposing continued trust, support and confidence in the management of the Company.

For and on behalf of the Board

(Shyam Sunder Sharmma)
Chairman and Managing Director
DIN: 00530921

Place : Kanpur
Date : 12th August, 2017

Annexure 'A' to the Directors' Report

Form No. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014.]

I. REGISTRATION & OTHER DETAILS

i.	CIN	L51109UP1987PLC009090
ii.	Registration Date	30th October, 1987
iii.	Name of the Company	Ganesha Ecosphere Ltd.
iv.	Category/Sub-category of the Company	Public Company Limited by Shares/ Indian non-govt. Company
v.	Address of the Registered office & contact details	Raipur, (Rania), Kalpi Road, Distt. Kanpur Dehat, Uttar Pradesh. E-mail: gesl@ganeshaecosphere.com Website: www.ganeshaecosphere.com Tel. No. 0512-2555504-06,+919198708383 Fax No. 0512-2555293
vi.	Whether listed company	Yes
vii.	Name , Address & Contact details of the Registrar & Transfer Agent, if any.	Skyline Financial Services Pvt. Ltd. D- 153/A, First Floor, Okhla Industrial Area, Phase- I, New Delhi- 110020, Tel. No. 011- 26812682-83 E-mail: admin@skylinerta.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given hereunder-

S. No.	Name & Description of main products/services	NIC Code of the Product /Service	% to Total Turnover of the Company
1.	Polyester Staple Fibre	20302	75.67
2.	Spun Yarn	13114	16.43

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

S. No.	Name & Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	N.A.	N.A.	N.A.	N.A.	N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as Percentage to Total Equity)

i. Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	6143935	-	6143935	32.04	6143935	-	6143935	32.04	0.00
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporates	2552001	-	2552001	13.31	2552001	-	2552001	13.31	0.00
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1) :-	**8695936**	**-**	**8695936**	**45.35**	**8695936**	**-**	**8695936**	**45.35**	**0.00**
2. Foreign									
a. NRI- Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp.	-	-	-	-	-	-	-	-	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any other...	-	-	-	-	-	-	-	-	-
Sub Total (A) (2) :-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**8695936**	**-**	**8695936**	**45.35**	**8695936**	**-**	**8695936**	**45.35**	**0.00**
B. Public Shareholding									
1. Institutions									
a. Mutual Funds	1364350	5400	1369750	7.14	1424705	5400	1430105	7.46	0.32
b. Banks/FI	-	100	100	-	10725	100	10825	0.05	0.05
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Fund	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	14000	-	14000	0.07	-	-	-	-	(0.07)
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)	-	-	-	-	-	-	-	-	-
Sub Total (B)(1) :-	**1378350**	**5500**	**1383850**	**7.21**	**1435430**	**5500**	**1440930**	**7.51**	**0.30**
2. Non Institutions									
a. Bodies Corporates									
i. Indian	4721769	7400	4729169	24.66	4632620	7400	4640020	24.20	(0.46)
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹1 lakhs	1245869	1185796	2431665	12.68	1576208	1154267	2730475	14.24	1.56
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakhs	1483194	-	1483194	7.73	1392181	-	1392181	7.26	(0.47)
c. Others (specify)									
i. NRI	75602	-	75602	0.39	59724	-	59724	0.31	(0.08)
ii. Hindu Undivided Family	159705	-	159705	0.83	208070	-	208070	1.09	0.25
iii. Clearing Members/ House	217756	-	217756	1.14	9541	-	9541	0.05	(1.09)
Sub Total (B)(2) :-	**7903895**	**1193196**	**9097091**	**47.44**	**7878344**	**1161667**	**9040011**	**47.14**	**(0.30)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**9282245**	**1198696**	**10480941**	**54.65**	**9313774**	**1167167**	**10480941**	**54.65**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**17978181**	**1198696**	**19176877**	**100**	**18009710**	**1167167**	**19176877**	**100**	**-**

ii. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares*	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares*	
1.	Mr. Shyam Sunder Sharmma	1938927	10.11	8.34	1938927	10.11	8.34	0.00
2.	Mr. Vishnu Dutt Khandelwal	720200	3.76	0.00	720200	3.76	0.00	0.00
3.	Mr. Sharad Sharma	875583	4.57	1.89	875583	4.57	1.89	0.00
4.	Mr. Rajesh Sharma	1095529	5.71	0.00	1095529	5.71	0.00	0.00
5.	Mrs. Seema Sharma	269215	1.40	0.00	269215	1.40	0.00	0.00
6.	Mr. Sandeep Khandelwal	106050	0.55	0.00	106050	0.55	0.00	0.00
7.	Mrs. Vimal Sharma	471250	2.46	1.64	471250	2.46	1.64	0.00
8.	Mrs. Ratna Sharma	257825	1.34	0.00	257825	1.34	0.00	0.00
9.	Shyam Sunder Sharmma HUF	107000	0.56	0.00	107000	0.56	0.00	0.00
10.	Sharad Sharma HUF	94731	0.49	0.00	94731	0.49	0.00	0.00
11.	GPL Finance Ltd.	2123201	11.07	0.00	2123201	11.07	0.00	0.00
12.	Sandeep Yarns Pvt. Ltd.	428800	2.24	0.00	428800	2.24	0.00	0.00
13.	Vishnu Dutt Khandelwal HUF	37500	0.20	0.00	37500	0.20	0.00	0.00
14.	Rajesh Sharma HUF	23250	0.12	0.00	23250	0.12	0.00	0.00
15.	Mrs. Nirmal Khandelwal	46875	0.24	0.00	46875	0.24	0.00	0.00
16.	Mr. Yash Sharma	100000	0.52	0.00	100000	0.52	0.00	0.00
Total		**8695936**	**45.35**	**11.88**	**8695936**	**45.35**	**11.88**	**0.00**

* The % of shares pledged/ encumbered represents % of shares pledged/ encumbered as % of the total shares of the Company.

iii. Change in Promoters' Shareholding

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	NO CHANGES IN PROMOTERS' SHAREHOLDING DURING THE F.Y. 2016-17			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc)				
	At the End of the year				

iv. Shareholding Pattern of top ten Shareholders as on 31st March, 2017 (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	MCAP India Fund Limited	2975877	15.52	-	-	-	-	-	2975877	15.52
2.	SBI Mutual Fund	1364250	7.11	08.04.2016	-19000	Sale	1345250	7.01		
				29.04.2016	146310	Purchase	1491560	7.78		
				24.02.2017	-696310	Sale	795250	4.15		
				10.03.2017	696618	Purchase	1491868	7.78		
				24.03.2017	-7545	Sale	1484323	7.74		
				31.03.2017	-59718	Sale	1424605	7.43	1424605	7.43
3.	Essel Industries Private Limited	603578	3.15	13.01.2017	-2937	Sale	600641	3.13		
				20.01.2017	-4205	Sale	596436	3.11		
				27.01.2017	-7345	Sale	589091	3.07		
				03.02.2017	-13767	Sale	575324	3.00	575324	3.00
4.	Sangeeta Pareekh	492538	2.57	13.05.2016	14	Purchase	492552	2.57		
				20.05.2016	-14	Sale	492538	2.57	492538	2.57
5.	Stock Holding Corporation of India Ltd. - A/C Nse Derivatives	0	0.00	09.09.2016	3000	Purchase	3000	0.02		
				30.09.2016	1000	Purchase	4000	0.02		
				14.10.2016	250000	Purchase	254000	1.32		
				21.10.2016	-1000	Sale	253000	1.32		
				25.11.2016	10000	Purchase	263000	1.37		
				23.12.2016	15000	Purchase	278000	1.45		
				30.12.2016	-2000	Sale	276000	1.44		
				20.01.2017	15000	Purchase	291000	1.52		
				17.02.2017	10000	Purchase	301000	1.57		
				03.03.2017	-50000	Sale	251000	1.31	251000	1.31
6.	Madhukar Sheth	6247	0.03	29.04.2016	67400	Purchase	73647	0.38		
				06.05.2016	-10000	Sale	63647	0.33		
				05.08.2016	21168	Purchase	84815	0.44		
				09.09.2016	-3153	Sale	81662	0.43		
				23.09.2016	100000	Purchase	181662	0.95		
				17.03.2017	20000	Purchase	201662	1.05	201662	1.05
7.	Securocrop Securities India Private Limited	173371	0.90	-	-	-	-	-	173371	0.90
8.	Narippen Obhrai	123036	0.64	-	-	-	-	-	123036	0.64
9.	Share India Securities Limited	197410	1.03	08.04.2016	-121047	Sale	76363	0.40		
				15.04.2016	38688	Purchase	115051	0.60		
				22.04.2016	115181	Purchase	230232	1.20		
				29.04.2016	-83817	Sale	146415	0.76		
				06.05.2016	31055	Purchase	177470	0.93		
				13.05.2016	-25464	Sale	152006	0.79		
				20.05.2016	45518	Purchase	197524	1.03		
				27.05.2016	56234	Purchase	253758	1.32		
				03.06.2016	6182	Purchase	259940	1.36		
				10.06.2016	1104	Purchase	261044	1.36		
				17.06.2016	8603	Purchase	269647	1.41		
				24.06.2016	5731	Purchase	275378	1.44		
				30.06.2016	2243	Purchase	277621	1.45		
				01.07.2016	-205	Sale	277416	1.45		
				08.07.2016	131	Purchase	277547	1.45		
				15.07.2016	100924	Purchase	378471	1.97		
				22.07.2016	7288	Purchase	385759	2.01		
				29.07.2016	-104930	Sale	280829	1.46		
				05.08.2016	-23535	Sale	257294	1.34		
				12.08.2016	-139192	Sale	118102	0.62		
				19.08.2016	50499	Purchase	168601	0.88		
				26.08.2016	29973	Purchase	198574	1.04		

iv. Shareholding Pattern of top ten Shareholders as on 31st March, 2017 (other than Directors, Promoters & Holders of GDRs & ADRs) (Contd..)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				01.09.2016	31852	Purchase	230426	1.20		
				02.09.2016	11935	Purchase	242361	1.26		
				09.09.2016	79916	Purchase	322277	1.68		
				16.09.2016	-264484	Sale	57793	0.30		
				23.09.2016	24420	Purchase	82213	0.43		
				30.09.2016	31671	Purchase	113884	0.59		
				07.10.2016	8022	Purchase	121906	0.64		
				14.10.2016	-13502	Sale	108404	0.57		
				21.10.2016	48012	Purchase	156416	0.82		
				28.10.2016	-64712	Sale	91704	0.48		
				04.11.2016	-12243	Sale	79461	0.41		
				11.11.2016	-14488	Sale	64973	0.34		
				18.11.2016	-23906	Sale	41067	0.21		
				25.11.2016	-384	Sale	40683	0.21		
				02.12.2016	20640	Purchase	61323	0.32		
				09.12.2016	-377	Sale	60946	0.32		
				16.12.2016	-7682	Sale	53264	0.28		
				23.12.2016	-1876	Sale	51388	0.27		
				30.12.2016	4724	Purchase	56112	0.29		
				06.01.2017	-8229	Sale	47883	0.25		
				20.01.2017	4024	Purchase	51907	0.27		
				27.01.2017	3876	Purchase	55783	0.29		
				03.02.2017	-4839	Sale	50944	0.27		
				10.02.2017	13149	Purchase	64093	0.33		
				17.02.2017	-45531	Sale	18562	0.10		
				24.02.2017	-10464	Sale	8098	0.04		
				10.03.2017	19000	Purchase	27098	0.14		
				17.03.2017	58328	Purchase	85426	0.45		
				24.03.2017	29683	Purchase	115109	0.60		
				31.03.2017	-6493	Sale	108616	0.57	108616	0.57
10.	Pace Stock Broking Services Pvt. Ltd.	83210	0.43	08.04.2016	-280	Sale	82930	0.43		
				22.04.2016	-3720	Sale	79210	0.41		
				29.04.2016	4428	Purchase	83638	0.44		
				06.05.2016	4433	Purchase	88071	0.46		
				13.05.2016	2268	Purchase	90339	0.47		
				20.05.2016	7731	Purchase	98070	0.51		
				27.05.2016	-500	Sale	97570	0.51		
				10.06.2016	-49210	Sale	48360	0.25		
				17.06.2016	50000	Purchase	98360	0.51		
				05.08.2016	363	Purchase	98723	0.51		
				12.08.2016	-4023	Sale	94700	0.49		
				19.08.2016	2000	Purchase	96700	0.50		
				26.08.2016	250	Purchase	96950	0.51		
				02.09.2016	2000	Purchase	98950	0.52		
				09.09.2016	-100	Sale	98850	0.52		
				16.09.2016	50	Purchase	98900	0.52		
				23.09.2016	-4200	Sale	94700	0.49		
				30.09.2016	2900	Purchase	97600	0.51		
				21.10.2016	50	Purchase	97650	0.51		
				28.10.2016	3000	Purchase	100650	0.52		
				04.11.2016	2500	Purchase	103150	0.54		
				11.11.2016	2000	Purchase	105150	0.55		
				10.02.2017	-50	Sale	105100	0.55	105100	0.55

v. Shareholding of Directors & Key Managerial Personnel

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
A.	**Directors**							
1.	Mr. Shyam Sunder Sharmma (Chairman & Managing Director)	1938927	10.11	-	-	-	1938927	10.11
2.	Mr. Vishnu Dutt Khandelwal (Executive Vice Chairman)	720200	3.76	-	-	-	720200	3.76
3.	Mr. Sharad Sharma (Joint Managing Director)	875583	4.57	-	-	-	875583	4.57
4.	Mr. Rajesh Sharma (Executive Director)	1095529	5.71	-	-	-	1095529	5.71
5.	Mr. Gopal Singh Shekhavat (Director-Administration)	400	0.00	-	-	-	400	0.00
6.	Mr. Surendra Kumar Kabra (Non-Executive Independent Director)	-	-	-	-	-	-	-
7.	Mr. Vishwa Nath Chandak (Non-Executive Independent Director)	-	-	-	-	-	-	-
8.	Mr. Pradeep Kumar Goenka (Non-Executive Independent Director)	-	-	-	-	-	-	-
9.	Mr. Anoop Gupta (Non-Executive Independent Director)	-	-	-	-	-	-	-
10.	Mr. Abhilash Lal (Non-Executive Independent Director)	-	-	-	-	-	-	-
11.	Mr. Narayanan Subramaniam (Non-Executive Independent Director)	-	-	-	-	-	-	-
12.	Mrs. Seema Sharma (Non-Executive Non-Independent Director)	269215	1.40	-	-	-	269215	1.40
B.	**Key Managerial Personnel (KMPs)**							
1.	Mr. Gopal Agarwal (Chief Financial Officer)	18433	0.10	-	-	-	18433	0.10
2.	Mr. Bharat Kumar Sajnani (Company Secretary)	100	0.00	-	-	-	100	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i. Principal Amount	139.85	10.64	-	150.49
ii. Interest due but not paid	0.75	0.17	-	0.92
iii. Interest accrued but not due	0.12	0.00	-	0.12
Total (i+ii+iii)	**140.72**	**10.81**	**-**	**151.53**
Change in Indebtedness during the financial year				
Additions	45.54	2.46	-	48.00
Reduction	-60.14	-2.13	-	-62.27
Net Change	-14.60	0.33	-	-14.27
Indebtedness at the end of the financial year				
i. Principal Amount	125.25	10.97	-	136.22
ii. Interest due but not paid	0.45	0.09	-	0.54
iii. Interest accrued but not due	0.12	0	-	0.12
Total (i+ii+iii)	**125.82**	**11.06**	**-**	**136.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Director and/or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		Mr. Shyam Sunder Sharmma	Mr. Sharad Sharma	Mr. Vishnu Dutt Khandelwal	Mr. Rajesh Sharma	Mr. Gopal Singh Shekhavat	
1.	**Gross salary**						
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,940,000	1,200,000	1,200,000	1,585,000	1,758,600	**8,683,600**
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	39,600	39,600	32,400	39,600	53,257	**204,457**
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	0	0	0	0	0	**0**
2.	**Stock option**	0	0	0	0	0	**0**
3.	**Sweat Equity**	0	0	0	0	0	**0**
4.	**Commission**						
	- as % of profit	5,300,000	5,300,000	5,300,000	5,300,000	0	**21,200,000**
	- others (specify)	0	0	0	0	0	**0**
5.	**Others, please specify**	NIL	NIL	NIL	NIL	NIL	**NIL**
Total (A)		**8,279,600**	**6,539,600**	**6,532,400**	**6,924,600**	**1,811,857**	**30,088,057**
Ceiling as per the Act		10% of the Net Profit calculated under Section 198 of the Companies Act, 2013.					46,481,206

B. Remuneration to other directors:

(Amount in ₹)

S.No.	Particulars of Remuneration	Name of the Directors						Total Amount
1.	**Independent Directors**	Mr. Pradeep Kumar Goenka	Mr . Surendra Kumar Kabra	Mr. Vishwa Nath Chandak	Mr. Anoop Gupta	Mr. Abhilash Lal	Mr. Narayanan Subramaniam	
	a. Fee for attending board/ committee meetings	40,000	30,000	30,000	20,000	20,000	5,000	145,000
	b. Commission	500,000	375,000	375,000	250,000	250,000	125,000	1,875,000
	c. Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total (1)		**540,000**	**405,000**	**405,000**	**270,000**	**270,000**	**130,000**	**2,020,000**
2.	**Other Non-Executive Directors**	Mrs. Seema Sharma						
	a. Fee for attending board/committee meetings	20,000						20,000
	b. Commission	500,000						500,000
	c. Others, please specify.	NIL						NIL
Total (2)		**520,000**						**520,000**
Total (B)=(1+2)								**2,540,000**
Total Managerial Remuneration								**32,628,057**
Overall Ceiling as per the Act		11% of the net profits as per Section 198 of the Companies Act, 2013.						51,129,327

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Contd..)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1.	**Gross Salary**			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,683,000	755,040	2,438,040
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	32,400	0	32,400
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	0	0	0
2.	**Stock Option**	0	0	0
3.	**Sweat Equity**	0	0	0
4.	**Commission**			
	-as % of profit	0	0	0
	-others, specify	0	0	0
5.	**Others, please specify**	0	0	0
Total		**1,715,400**	**755,040**	**2,470,440**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. Company					
Penalty			NIL		
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other officers in default					
Penalty			NIL		
Punishment					
Compounding					

Annexure 'B' to the Directors' Report

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Ganesha Ecosphere Limited,
Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat (U.P.)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Ganesha Ecosphere Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has during the Financial year ended on 31st March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable as the Company has not entered into any transactions relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the audit period)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable as the Company has not issued any further Capital under the Regulations during the audit period)**;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable as the Company has not issued and listed any debt securities during the Audit Period)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the Audit period)**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable as the Company has not delisted / proposed to delist its Equity Shares from any Stock Exchange during the Audit period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company as the Company has not bought back / proposed to buy-back any of its securities during the Audit Period)**.

(vi) We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of Plastic Waste Management Rules, 2016 specifically applicable to the Company.

We have also examined compliance with the applicable Clauses of the following:

(i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and the General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board / Committee Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that based on the information provided by the Company, its officers and authorised representatives during the conduct of Audit and review of Internal Auditor's Report, periodical Compliance Reports submitted by respective Departmental heads and taken on record by the Audit Committee / Board of Directors of the Company, in our opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period there were no specific events / actions having a major bearing on Company's affairs in pursuance of the above –referred laws, rules, regulations, guidelines, standards etc.

For **S.K.Gupta & Co.**
Company Secretaries

(S.K.GUPTA)
Managing Partner
F.C.S -2589
CP-1920

Place: Kanpur
Date: 1st August, 2017

Annexure 'C' to the Directors' Report

POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY

1. PREAMBLE

The Board of Directors (the "Board") on the recommendation of the Nomination & Remuneration Committee (the "Committee") has approved and adopted this Nomination, Remuneration and Board Diversity Policy (the "Policy") in compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made there under and Regulation 19(4) of the Listing Regulations (erstwhile Clause 49 of the Listing Agreement with the stock exchanges).

2. OBJECTIVES

The main objectives of this Policy are:

- To lay down criteria for determining qualifications, attributes and independence of a director.
- To lay down criteria with regard to remuneration of directors, KMPs and other employees.
- To lay down criteria for evaluation of directors (executive and non-executive including Independent directors), the Board and its committees.
- To lay down criteria for determining the Company's approach to ensure adequate diversity in its Board.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including Independent directors), Key Managerial Personnel ("KMP") and persons who may be appointed in senior management positions.

3. ATTRIBUTES, QUALIFICATIONS AND DIVERSITY POLICY

3.1 Directors

The Committee shall be responsible for identifying a suitable candidate for appointment as director of the Company.

The Board shall consist of such number of Directors as is necessary to effectively manage the Company of the size and nature as of Ganesha Ecosphere Ltd. ('GESL'), subject to a minimum of 3 and maximum of 15, including woman Directors. The Board shall have an appropriate combination of Executive, Non-Executive and Independent Directors.

While making appointment / re-appointment of directors, the Committee shall consider and evaluate number of factors including but not limited to background, knowledge, skills, professional experience & functional expertise, educational and professional background, personal accomplishment, age, experience, understanding of the industry and the related field viz. manufacturing, marketing, technology, finance, taxation, law, governance and other disciplines relevant to the business etc. and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

The Committee shall ensure that the proposed director satisfies the following additional criteria:

- Eligible for appointment as a director on the board of the Company and is not disqualified in terms of Section 164 and other applicable provisions of the Companies Act 2013 and the Listing Regulations.
- Does not hold directorship in more than 20 companies (Including private and public limited companies) or 10 public limited companies.
- Will be able to devote sufficient time and efforts in discharge of duties and responsibilities effectively.
- Completed the age of 21 years and has not attained the age of 70 years.

Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

3.2 Independent Directors

While evaluating a person for appointment/re-appointment as an independent director, the Committee shall ensure that the proposed appointee satisfies the following additional criteria:

- Meet the baseline definition and criteria of "independence" as set out in Section 149 of the Companies Act, 2013 and Regulation 16(i)(b) of Listing Regulations (erstwhile Clause 49 of the Listing Agreement with the stock exchanges).
- Should not hold the position of independent director in more than seven listed companies and if serving as whole-time director in any listed company then in not more than three listed companies.
- Should not hold any board/employment position with a competitor in the geographies where the company is operating. However, the Board may in special circumstances waive this requirement.

The reappointment / extension of term of any board members shall be on the basis of their performance evaluation report.

3.3 KMP & Senior Management

While evaluating a person for appointment/re-appointment as KMP or in a senior management position, the management shall consider various factors including individual's background, competency, skills, educational and professional background, personal accomplishment, age, relevant experience and understanding of related field viz. manufacturing, marketing, technology, finance, taxation, law, governance or such other discipline relevant to present and prospective operations of the Company.

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the executive directors, including all functional heads.

4. REMUNERATION POLICY

4.1 Board Members

The overall limits of remuneration of the board members including executive board members are governed by the provisions of Section 197 of the Companies Act, 2013, rules made there under and shall be approved by the shareholders of the Company and shall be subject to availability of profits of the Company.

Within the overall limit approved by the shareholders, on the recommendation of the Committee, the Board shall determine the remuneration. The Board can determine different remuneration for different directors on the basis of their role, responsibilities, duties, time involvement etc.

4.2 Non-executive directors including independent directors

- A Non executive director shall be entitled to receive sitting fees for each meeting of the Board or committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A Non Executive Director will also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Nomination and remuneration Committee;
- The Total commission payable to the Directors shall not exceed 1% of the net profits of the Company.
- The Non executive Directors shall be entitled to reimbursement of travel, hotel and other incidental expenses incurred by them in performance of their role and duties.

4.3 Executive Board Members

- The remuneration (Including revision in the remuneration) of executive board members shall be approved by the Board on the basis of the recommendation of the Nomination & Remuneration committee.
- The remuneration payable to executive directors shall consist of (a) fixed pay, which is payable monthly, and shall include basic pay, contributions to retirement benefits, house rent allowance or company leased accommodation, other allowances and perquisites as per the Company's policy (b) Variable pay directly linked to the performance of the individual Director, his respective Business unit and the overall company's performance (c) long term incentive/ ESOPs as may be decided by the Nomination & Remuneration Committee from time to time.

4.4 Remuneration to Key Managerial Personnel (Other than Managing Director and Whole-Time director), Senior Management and other employees

- The remuneration of Key Managerial Personnel (other than managing director and whole time director), Senior Management and other employees, shall be as per compensation and appraisal policy of the Company.
- The remuneration payable to key managerial personnel(Other than managing director and whole time director) senior management and other employees may consist of (a) Fixed Pay, which is payable monthly and include basic pay, contributions to retirement benefits, house rent allowance or company-leased accommodation and other allowances as per company's policy (b) Variable pay (paid at the end of Financial year) directly linked to the performance of the individual employee, his/her respective business unit and the overall company performance (c) long term incentive/ESOPs, as may be decided by the Committee from time to time.
- The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.

5. PERFORMANCE EVALUATION

The performance of the Board as a whole, of its committees and of its members shall be evaluated at least once a year keeping in view the objectives of the Company.

It is the responsibility of the Chairman who shall be supported by the Company Secretary to organize the evaluation process and act on its outcome.

The results of board evaluation shall remain confidential between the Chairman, Directors concerned & the Company Secretary.

To carry out performance evaluation of Board, Committees and Directors, criteria to be considered would, inter alia, include following:

5.1 Evaluation of the Board

- Frequency of meetings and procedures;
- Development of suitable strategies and business plans at appropriate time and its effectiveness;
- Implementation of robust policies and procedures ;
- Willingness to spend time and effort to learn about the Company and its business; and
- Awareness about the latest developments in the areas such as corporate governance framework, financial reporting, industry and market conditions.

5.2 Evaluation of Committees

- Discharge of its functions and duties as per its terms of reference;
- Process and procedures followed for discharging its functions;
- Effectiveness of suggestions and recommendations received;
- Size, structure and expertise of the Committee; and
- Conduct of its meetings and procedures followed in this regard.

5.3 Evaluation of Executive Director(s)

- Achievement of financial / business targets prescribed by the Board;
- Developing and managing / executing business plans, operational plans , risk management and financial affairs of the organization;
- Display of leadership qualities i.e. correctly anticipating business trends, opportunities, and priorities affecting the Company's prosperity and operations;
- Development of policies and strategic plans aligned with the vision and mission of the Company and which harmoniously balance the needs of shareholders, clients, employees and other stakeholders;
- Managing relationships with the Board, management team, regulators, bankers, industry representatives and other stakeholders.
- Adherence to the code of conduct of the Company.

5.4 Evaluation of Non–Executive Directors

- Participation at the Board / Committee meetings;
- Commitment (including guidance provided to senior management outside of Board / Committee meetings);
- Effective deployment of knowledge and expertise;
- Effective management of relationship with stakeholders;
- Integrity and maintaining of confidentiality;
- Independence of behaviour and judgement;
- Impact and Influence;
- Adherence to the code of conduct of the Company.

6. DISCLOSURES BY THE COMPANY

This Policy shall be disclosed in the Company's annual report as well as on the Company's website.

7. POLICY REVIEW

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in the provisions of Companies Act, 2013 or any other regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

Annexure 'D' to the Directors' Report

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/INITIATIVES

(Pursuant to Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014)

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Corporate Social Responsibility (CSR) Policy as approved by the Board has been uploaded on the Company's website and may be accessed at the link ***www.ganeshaecosphere.com/wp-content/uploads/2016/05/corporate-social-responsibility-policy.pdf.*** In terms of the CSR Policy of the Company, the following areas have been identified:

1. Promotion of Education at pre-school and school level.
2. Providing environmentally sustainable social infrastructure.
3. Providing better health facilities and combating disease.
4. Eradicating hunger, poverty and malnutrition.

2. Composition of CSR Committee:

The Corporate Social Responsibility Committee of the Company comprises four Directors, out of which two Directors are independent. The Composition of CSR committee is as under:

Name of the Director	Category
Shri Abhilash Lal (Chairman)	Non- Executive Independent Director
Shri Pradeep Kumar Goenka	Non- Executive Independent Director
Shri Vishnu Dutt Khandelwal	Promoter Executive Director
Shri Sharad Sharma	Promoter Executive Director

3. Average net profit of the Company for last three financial years: ₹ 30,38,57,694/-

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 60,77,154/-

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹ 60,78,000/-

(b) Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below:

(1) S.No.	(2) CSR Project or activity Identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹)	(6) Amount spent on the projects or programs Sub- heads: (1) Direct Expenditure on projects or programs (2) Over-heads	(7) Cumulative expenditure up to the reporting period (₹)	(8) Amount Spent: Direct or through implementing agency
1.	Health Care	• Promoting Healthcare including preventive healthcare	• Kanpur (U.P.) • Rudrapur (Uttarakhand) • Rampur (U.P.)	14,56,146/-	Direct Expenditure	14,56,146/-	Direct
2.	Health Care & Education	• Promoting Healthcare including preventive healthcare • Promoting Education among children & differently abled	• Kanpur (U.P.) • Rudrapur (Uttarakhand) • Rampur (U.P.) • Mumbai (Maharashtra) • Chitrakoot (U.P.) • Jhunjhunu (Rajasthan)	26,22,000/-	Direct Expenditure	26,22,000/-	a) Blind Organization of India b) Jyoti Bal Vikas Sanstha c) Manikpur Kalyan Kendra d) Adarsh Charitable Trust e) Ganesh Memorial Trust
3.	Prime Minister's National Relief Fund	Contribution towards Prime Minister's National Relief Fund	Pan India	20,00,000/-	Direct Expenditure	20,00,000/-	Direct
Total				**60,78,146/-**		**60,78,146/-**	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. Not applicable

7. Responsibility Statement: The CSR Committee has confirmed that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

(Shyam Sunder Sharmma)
Chairman and Managing Director

(Abhilash Lal)
Chairman of CSR Committee

Annexure 'E' to the Directors' Report

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

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2017:

I. CONSERVATION OF ENERGY

(a) the steps taken or impact on conservation of energy:

In its endeavour to efficiently conduct its business operations, the Company during the financial year has taken following specific measures to optimize energy generation and consumption at its manufacturing facilities-

i) Power consumption was reduced by optimizing compressors operation.

ii) Water consumption reduced by optimizing water flow for process machines. Re-use of water in process machines to reduce overall water consumption.

iii) Maintenance of the machines as per schedule.

iv) Replacement of the conventional light fittings with LED lighting resulting in lower power consumption for lighting.

v) Use of Heat resistance Paint to minimize radiation losses in process Machines.

vi) Improved efficiency of own generation by usage of diesel generator only for emergencies and as stand by.

vii) Equipment efficiencies evaluated and optimised.

viii) Implemented changes in processing methods which reduced cycle time resulting in lower power consumption.

ix) Optimisation of power consumption in general lighting including use of natural lighting and ventilation by creating awareness in the employees for energy saving.

x) Regular monitoring and maintenance of major energy consuming machines to increase productivity and efficiency of equipments resulting in power saving.

(b) Steps taken by company for using alternate sources of energy:

All new projects and line extensions in factories are equipped with high efficiency motors, variable frequency drives, LED lights, roof mounted self-driven ventilators and maximized use of natural illumination. These are also being retrofitted in existing factories after feasibility evaluation. Efforts are continuing to identify other viable opportunities of using alternate sources of energy.

(c) Capital investment on energy conservation equipments:

Not Significant.

II. TECHNOLOGY ABSORPTION

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

i. Process optimization for improved quality of PSF and Yarn.

ii. Shortening of process route keeping product quality intact.

iii. Technology absorption from:

- Technical Journals.
- Training of personnel on powerful CAD/CAM tools.
- National and International exhibitions / seminars.

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

i. Cost Saving.

ii. Introduction of new products in the market.

iii. Increased volume of value added products.

iv. Productivity improvement due to machine speed & process improvement.

v. Improvement in product quality meeting customer stringent requirements and hence enhancement of value to customers.

vi. Safety Enhancement.

3. In case of Imported Technology (imported during the last three years reckoned from the beginning of Financial Year):

The company has not imported any technology during the preceding three years.

4. Expenses incurred on Research and Development:

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.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

(₹ in crores)

	Current Year (2016-17)	Previous Year (2015-16)
A) Foreign Exchange earnings (F.O.B. Value)	34.79	35.89
B) Foreign Exchange outgo	31.06	22.37

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

Annexure 'F' to the Directors' Report

The information as required under Section 197(12) of the Companies Act, 2013 read with the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

S. No.	Name	Designation	Remuneration in F.Y. 2016-17 (₹ in lacs)	Remuneration in F.Y. 2015-16 (₹ in lacs)	% increase/ (decrease) in remuneration	Ratio of remuneration of each Director to the median remuneration of employees
1.	Mr. Shyam Sunder Sharmma	Chairman cum Managing Director	82.80	78.52	5.45%	73.27
2.	Mr. Sharad Sharma	Joint Managing Director	65.40	65.30	0.15%	57.88
3.	Mr. Vishnu Dutt Khandelwal	Executive Vice-Chairman	65.32	65.22	0.15%	57.81
4.	Mr. Rajesh Sharma	Executive Director	69.25	69.50	(0.36%)	61.28
5.	Mr. Surendra Kumar Kabra*	Independent Director	4.05	4.04	0.25%	3.58
6.	Mr. Vishwa Nath Chandak*	Independent Director	4.05	3.03	33.66%	3.58
7.	Mr. Pradeep Kumar Goenka*	Independent Director	5.40	4.04	33.66%	4.78
8.	Mr. Anoop Gupta*	Independent Director	2.70	2.02	33.66%	2.39
9.	Mr. Gopal Singh Shekhavat	Director (Administration)	18.12	16.68	8.63%	16.04
10.	Mr. Abhilash Lal*	Independent Director	2.70	3.53	(23.51%)	2.39
11.	Mr. Narayanan Subramaniam*	Independent Director	1.30	0.76	71.05%	1.15
12.	Mrs. Seema Sharma*	Non-Executive Director	5.20	NIL	N.A.	4.60
13.	Mr. Gopal Agarwal	Chief Financial Officer	17.15	15.65	9.58	N.A.
14.	Mr. Bharat Kumar Sajnani	Company Secretary	7.55	6.57	14.92	N.A.

**The Non-Executive Directors of the Company are paid remuneration by way of sitting fees at the rate of ₹ 5,000/- per meeting for attending every Board Meeting as well as Audit Committee Meeting and commission upto 1% on the net profits of the Company, as approved by the shareholders.*

ii. During the year 2016-17, there was an increase of 4.04% in median remuneration of employees.

iii. There were 2068 permanent employees on the roll of the Company as on 31st March, 2017.

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the Financial Year 2016-17 was 21.07%, whereas the increase in the managerial remuneration for the same financial year was 4.11%.

v. It is hereby affirmed that the remuneration paid during the Financial Year ended 31st March, 2017 is as per the remuneration policy of the Company.

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 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 and category of Board of Directors, attendance at Board Meetings, at last Annual General Meeting and details of Membership of other Boards / Committees:

The Board has an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The composition of the Board of Directors and other relevant details as on 31st March, 2017 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 8th September, 2016	No. of Boards / Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
					Directorship	Committee (only Audit Committee & Stakeholders Relationship Committee)	
		Held	Attended			Member	Chairman
Mr. Shyam Sunder Sharmma DIN: 00530921	Promoter Executive Director	4	4	Yes	1	1	Nil
Mr. Vishnu Dutt Khandelwal DIN: 00383507	Promoter Executive Director	4	4	Yes	1	2	Nil
Mr. Sharad Sharma DIN: 00383178	Promoter Executive Director	4	4	Yes	1	1	Nil
Mr. Rajesh Sharma DIN: 02228607	Promoter Executive Director	4	4	No	1	Nil	Nil
Mr. Gopal Singh Shekhavat DIN: 06591844	Executive Director	4	3	No	1	Nil	Nil
Mrs. Seema Sharma* DIN: 07466530	Promoter Non-Executive Director	4	4	No	1	Nil	Nil

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 8th September, 2016	No. of Boards / Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
					Directorship	Committee (only Audit Committee & Stakeholders Relationship Committee)	
		Held	Attended			Member	Chairman
Mr. Surendra Kumar Kabra DIN: 01280980	Non- Executive/ Independent Director	4	3	No	3	1	Nil
Mr. Pradeep Kumar Goenka DIN: 00404746	Non- Executive/ Independent Director	4	4	Yes	2	Nil	2
Mr. Vishwa Nath Chandak DIN: 00313035	Non- Executive/ Independent Director	4	3	No	1	1	Nil
Mr. Anoop Gupta DIN: 00153340	Non-Executive/ Independent Director	4	2	No	4	1	Nil
Mr. Abhilash Lal DIN: 03203177	Non- Executive/ Independent Director	4	2	Yes	3	3	Nil
Mr. Narayanan Subramaniam DIN: 00166621	Non- Executive/ Independent Director	4	1	No	4	2	1

*Mrs. Seema Sharma inducted as an Additional Director on the Board w.e.f. 30.03.2016 through a circular resolution and as a Director on 08.09.2016.

Mr. Sharad Sharma and Mr. Rajesh Sharma are sons of Mr. Shyam Sunder Sharmma and Mr. Vishnu Dutt Khandelwal is brother of Mr. Shyam Sunder Sharmma. Mrs. Seema Sharma is wife of Mr. Sharad Sharma and daughter-in-law of Mr. Shyam Sunder Sharmma.

The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations').

Shareholding of Non-Executive Directors:

As on 31.03.2017, Mrs. Seema Sharma, Non-Executive Director, is holding 2,69,215 Equity Shares of ₹10/- each of the Company. None of the other Non-Executive Directors hold any shares in the Company.

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:

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	22.05.2016	12	11
2.	25.07.2016	12	9
3.	12.11.2016	12	9
4.	01.02.2017	12	9

Information placed before the Board:

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II to Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant.

C. Terms and conditions of appointment of Independent Directors:

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company i.e. ***www.ganeshaecosphere.com/Letter_of_appointment_to_Independent_Directors_GESL.pdf***

D. Familiarization Programme for Independent Directors:

The Board members are provided with necessary documents and reports to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committee meetings, on business and performance updates of the Company, business strategy and risks involved.

Quarterly updates on relevant statutory changes encompassing important laws are regularly informed to the Directors.

The details of Familiarization Programme for Independent Directors are posted on the Company's website at the following web link: ***http://ganeshaecosphere.com/wp-content/uploads/2017/06/Familarization-Programme-for-Independent-Directors.pdf***

E. Separate Meeting of the Independent Directors:

During the year ended 31st March, 2017, one Independent Directors' Meeting was held on 01.02.2017. At the meeting, the Independent Directors inter-alia:

1. Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Mr. Surendra Kumar Kabra, Mr. Pradeep Kumar Goenka and Mr. Vishwa Nath Chandak were present at the meeting.

F. Code of Conduct:

In compliance with Regulation 17(5) of the Listing Regulations, the Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel 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 at ***www.ganeshaecosphere.com/code-of-conduct.***

3. COMMITTEES OF THE BOARD:

The Company has six Board level Committees:

A. Audit Committee,

B. Nomination and Remuneration Committee,

C. Stakeholders Relationship Committee,

D. Securities Allotment and Certificate Issuance Committee,

E. Corporate Social Responsibility Committee and

F. Management Committee.

The composition of the Committees of the Board of Directors is available on the website of the Company at ***www.ganeshaecosphere.com/board-committee.***

A. Audit Committee

Composition:

The Company has an Audit Committee constituted in accordance with the Corporate Governance requirements. As on 31.03.2017, the Committee consisted of six Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. Surendra Kumar Kabra, Mr. Vishnu Dutt Khandelwal, Mr. Vishwa Nath Chandak, Mr. Anoop Gupta and Mr. Abhilash Lal.

Mr. Pradeep Kumar Goenka, Mr. Surendra Kumar Kabra and Mr. Anoop Gupta are Chartered Accountants. Mr. Vishnu Dutt Khandelwal is Post Graduate in Commerce and has also rich experience in the field of Accounting and Financial Management. Mr. Vishwa Nath Chandak is M.Com., L.L.B. and has rich experience in the Textile Industry. Mr. Abhilash Lal is Post Graduate in Management from IIM, Bangalore and has also rich experience in all aspects of financial services.

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 Regulation 18(3) read with Part C of Schedule II to the Listing Regulations and also comply with the requirements of Section 177 of the Companies Act, 2013.

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. Recommendation for appointment, remuneration and terms of appointment of statutory auditors including cost auditors of the Company.
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 and Auditor's Report thereon before submission to the board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgement by the management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of related party transactions.
    g. Modified opinion(s) 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.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter- corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
14. Discussion with Internal Auditors of any significant findings and follow up there on.
15. 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.
16. 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.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower Mechanism.
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
20. Reviewing the reports of the Company's Cost Auditors.
21. Reviewing the following information:
    - Management Discussion and Analysis of financial condition and results of operations;
    - Statement of significant related party transactions, submitted by management;
    - 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.
22. 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, 2017, four Audit Committee Meetings were held on 22.05.2016, 25.07.2016, 12.11.2016 and 01.02.2017. Chief Financial Officer, Internal Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

Details of the Attendance at the Meetings are as follows:

S. No.	Name of Director	Category	No. of Committee meeting during the tenure	
			Held	Attended
1.	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive/ Independent Director	4	4
2.	Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	4	3
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	4	4
4.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	4	3
5.	Mr. Anoop Gupta	Non- Executive/ Independent Director	4	2
6.	Mr. Abhilash Lal	Non- Executive/ Independent Director	4	2

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 8th September, 2016.

B. Nomination and Remuneration Committee

Composition:

The Nomination and 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 terms of reference of the Nomination and Remuneration Committee are in conformity with the requirements specified in Regulation 19 read with Part D of Schedule II to the Listing Regulations and also comply with the requirements of Section 178 of the Companies Act, 2013.

Brief description of terms of reference:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration of the directors, key managerial personnel and other employees.
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board.
3. Devising policy on Board diversity.
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Meetings:

During the year ended 31st March, 2017, two Nomination and Remuneration Committee Meetings were held on 12.11.2016 and 01.02.2017.

Details of Attendance at the Meetings are as follows:

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

Remuneration Policy:

The Company has adopted Policy on Nomination, Remuneration and Board Diversity which is forming part of this annual report and also available on the website of the Company at the link ***www.ganeshaecosphere.com/wp-content/uploads/2016/08/Policy-on-Nomination-Remuneration-And-Board-Diversity.pdf***

Details of Remuneration of the Directors for the financial year 2016-17:

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	29,40,000/-	39,600/-	53,00,000/-	3 years (from 18th September, 2015)
Mr. Vishnu Dutt Khandelwal	Executive Vice Chairman	12,00,000/-	32,400/-	53,00,000/-	5 years (from 19th June, 2013)
Mr. Sharad Sharma	Joint Managing Director	12,00,000/-	39,600/-	53,00,000/-	5 years (from 1st February, 2014)
Mr. Rajesh Sharma	Executive Director	15,85,000/-	39,600/-	53,00,000/-	5 years (from 19th June, 2013)
Mr. Gopal Singh Shekhavat	Director (Administration)	17,58,600/-	53,257/-	-	5 years (from 1st June, 2013)

ii. **Non-Executive Directors:**

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

The Non-Executive Directors (NEDs) are paid remuneration by way of Sitting Fees and Commission. They are paid sitting fees at the rate of ₹5,000/- per meeting for attending every Board Meeting as well as Audit Committee Meeting. In the light of the services rendered by the NEDs to the Company, the Members, at the 23rd Annual General Meeting of the Company approved payment of remuneration to NEDs of the Company, by way of commission upto 1% on the net profit of the Company. 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 2016-17 amongst the Non-Executive Directors on the basis of their attendance and contribution at the Board and Audit Committee Meetings (subject to maximum limit of ₹5,00,000/- for each such Director, as decided by the Board at its meeting held on 14.02.2013).

The Details of Sitting Fees Paid and Commission payable to such directors for the year 2016-17 are as follows:

Name of Director	Sitting Fees (₹)	Commission (₹)	Tenure
Mr. Surendra Kumar Kabra	30,000/-	3,75,000/-	5 years (from 29th September, 2014)
Mr. Pradeep Kumar Goenka	40,000/-	5,00,000/-	5 years (from 29th September, 2014)
Mr. Vishwa Nath Chandak	30,000/-	3,75,000/-	5 years (from 29th September, 2014)
Mr. Anoop Gupta	20,000/-	2,50,000/-	5 years (from 29th September, 2014)
Mr. Abhilash Lal	20,000/-	2,50,000/-	5 years (from 29th September, 2014)
Mr. Narayanan Subramaniam	5,000/-	1,25,000/-	5 years (from 29th September, 2014)
Mrs. Seema Sharma	20,000/-	5,00,000/-	N.A.

Commission to Non-Executive Directors will be paid after the accounts are adopted by the members at the Annual General Meeting scheduled to be held on 25th September, 2017.

Performance evaluation criteria for Independent Directors:

The performance of Independent Directors was evaluated by the entire Board on the basis of the criteria laid down under the "Nomination, Remuneration and Board Diversity Policy" of the Company.

C. Stakeholders Relationship Committee

Composition:

The Stakeholders Relationship 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 Stakeholders Relationship 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, 2013 and the Listing Regulations and to ensure proper service to investors.

Details of the Attendance at the Meetings are as follows:

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

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2017, are as under:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	17	17	Nil

As on 31st March, 2017, no request for transfer / transmission was pending for approval.

Compliance Officer:

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

D. 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, 2017, seven Securities Allotment and Certificate Issuance Committee Meetings were held on 19.05.2016, 30.06.2016, 30.08.2016, 24.10.2016, 29.12.2016, 01.02.2017 and 29.03.2017.

E. Corporate Social Responsibility Committee

Composition:

The Corporate Social Responsibility (CSR) Committee of the Board consists of four Directors namely, Mr. Abhilash Lal (Chairman), Mr. Vishnu Dutt Khandelwal, Mr. Sharad Sharma and Mr. Pradeep Kumar Goenka.

Terms of Reference:

The Committee has been constituted with the following terms of reference:

1. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
2. To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above.
3. To monitor the CSR Policy of the Company from time to time.
4. To institute a transparent monitoring mechanism for implementation of the CSR projects/programs/ activities undertaken by the Company.
5. Any other matter as the Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Meetings:

During the year ended 31st March, 2017, four Corporate Social Responsibility (CSR) Committee Meetings were held on 22.05.2016, 25.07.2016, 12.11.2016 and 01.02.2017.

F. Management Committee

Composition:

The Management Committee of the Board was constituted on 01.02.2017 which consists of four members namely, Mr. Shyam Sunder Sharmma (Chairman), Mr. Vishnu Dutt Khandelwal, Mr. Sharad Sharma and Mr. Pradeep Kumar Goenka.

Terms of Reference:

The Committee has been constituted with the following terms of reference:

1. To review banking arrangements and cash management,
2. To exercise all powers to borrow money (otherwise than by issue of debentures), and take necessary actions connected therewith, including refinancing for optimization of borrowing costs,
3. To approve opening/ closing and operation of Bank Accounts,
4. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable,
5. To delegate authorities & operational powers from time to time to the executives/ authorised persons.
6. To review regularly and make recommendations about changes to the charter of the Committee.

Meetings:

During the year ended 31st March, 2017, no meeting of the Management Committee was held.

4. GENERAL BODY MEETINGS

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

Annual General Meetings:

Year	Date of Meeting	Time	Place	Particulars of Special Resolutions passed at the Meeting
2016	8th September, 2016	1:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent for payment of advance fee by members for delivery of documents through a particular mode of services.
2015	19th September, 2015	1:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent to re-appoint Shri Shyam Sunder Sharmma (DIN: 00530921) as Managing Director.
2014	29th September, 2014	3:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent for Continuation of tenure of Shri Shyam Sunder Sharmma (DIN: 00530921), as Managing Director of the Company, for the remaining period of his tenure. 2) Consent for re-appointment of Shri Sharad Sharma (DIN: 00383178) as Joint Managing Director of the Company. 3) Consent to borrow money upto ₹750 crores under Section 180(1)(c) of the Companies Act, 2013. 4) Consent for mortgaging/ charging Company's properties/ assets against borrowing under Section 180(1)(a) of the Companies Act, 2013. 5) Consent for the issue of 31,07,500 Compulsorily Convertible Preference Shares of ₹100/- each on preferential basis under Section 42,55 & 62 of the Companies Act, 2013. 6) Consent for the issue of 2,50,000 Warrants on preferential basis under Section 42 & 62 of the Companies Act, 2013. 7) Consent to issue further share capital by way of Private Placement/ QIP etc. 8) Consent to increase the Authorised Share Capital of the Company. 9) Consent for alteration in Capital Clause of the Memorandum of Association of the Company. 10) Consent to adopt new Articles of Association of the Company.

Extraordinary General Meeting:

Year	Date of Meeting	Time	Place	Particulars of Special Resolutions passed at the Meeting
2014	22nd February, 2014	2:30 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent and approval to create, offer, issue and allot upto 16,25,000 convertible warrants on Preferential basis u/s 81 (1A) of the Companies Act, 1956.

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.

5. 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 Regulation 33(3) & 47(1)(b) of the Listing Regulations.

The Financial Results are also available on the official website of the BSE Limited and National Stock Exchange of India Limited, Mumbai i.e. ***www.bseindia.com & www.nseindia.com, respectively.***

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.

6. GENERAL SHAREHOLDERS' INFORMATION

A. Annual General Meeting: **Date:** 25th September, 2017
Time: 3:00 P.M.
Venue: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

B. Financial Year/Calendar:

Particulars of Quarter	On or before
First Quarter	14.08.2017
Second Quarter	14.11.2017
Third Quarter	14.02.2018
Fourth Quarter & Annual Results	30.05.2018

C. Date of Book Closure: From Tuesday, 19th September, 2017 to Monday, 25th September, 2017 (both days inclusive).

D. Dividend Payment Date: On and after 27th September, 2017.

E. Listing on Stock Exchanges: The Company's Equity Shares are listed at following Stock Exchanges:
- BSE Limited, Mumbai and
- National Stock Exchange of India Limited, Mumbai

The annual listing fee to these stock exchanges has been paid up-to-date.

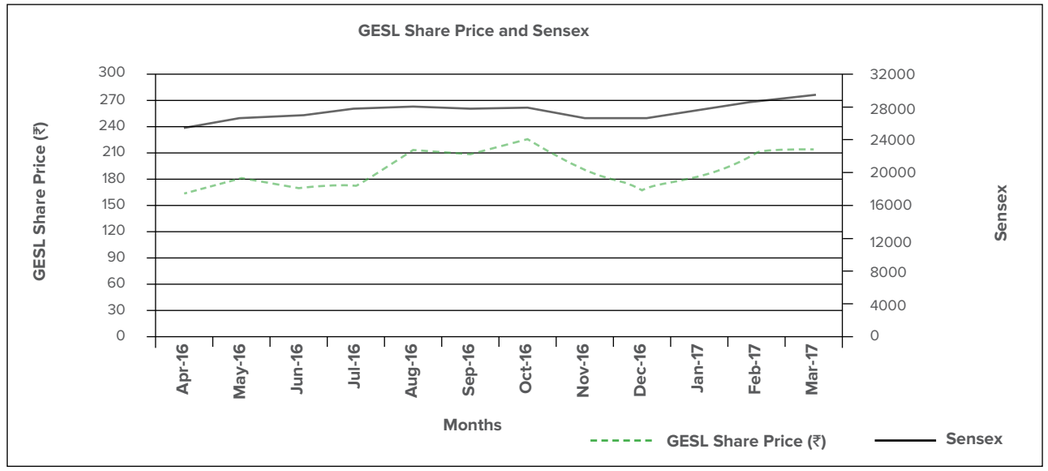
F. Stock Codes – Equity Shares:
- BSE Limited, Mumbai : **514167**
- National Stock Exchange of India Limited : **GANECOS**

G. Stock Market Price Data for the year 2016-17:

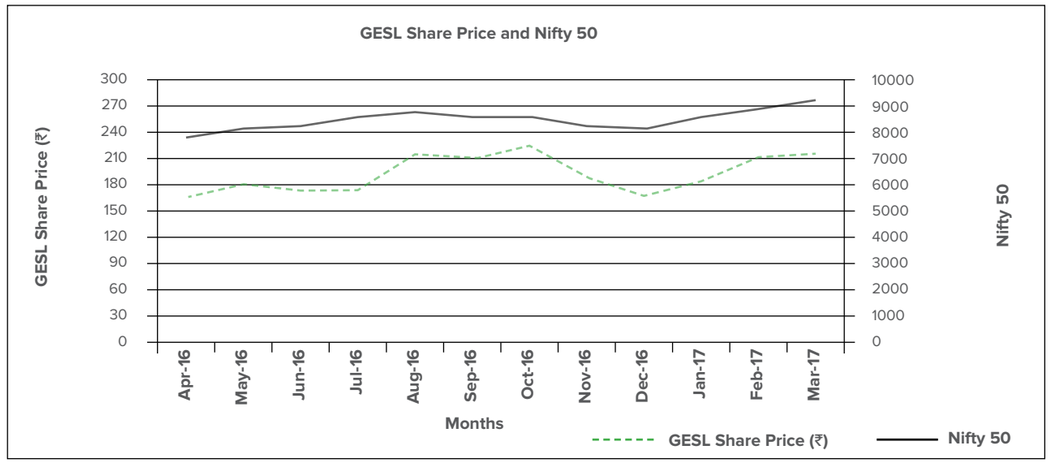
Month	BSE PRICES				NSE PRICES			
	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded
April, 2016	169.00	147.50	165.10	3,11,096	169.00	147.50	165.00	3,09,068
May, 2016	188.50	162.00	180.85	3,22,234	188.90	162.00	182.35	7,15,931
June, 2016	183.00	158.20	171.50	73,141	184.50	160.00	173.65	1,43,987
July, 2016	176.40	147.05	175.75	2,77,976	176.40	154.95	175.45	2,17,981
August, 2016	215.00	162.05	214.05	9,71,322	215.40	163.00	214.55	16,43,356
September, 2016	239.85	207.25	209.10	10,17,868	236.85	201.20	211.00	16,21,608
October, 2016	233.60	201.00	225.55	2,10,682	232.90	205.15	225.60	8,58,291
November, 2016	224.50	162.60	189.95	82,043	226.00	166.00	188.55	2,10,232
December, 2016	186.55	164.00	170.00	49,431	192.95	167.15	169.75	64,418
January, 2017	187.90	168.00	183.50	45,323	190.85	167.70	184.55	1,34,501
February, 2017	213.00	182.05	210.55	59,365	215.20	181.15	212.40	3,42,880
March, 2017	237.00	201.55	215.05	1,09,708	239.00	202.00	215.85	11,39,259

The information is downloaded from official website of the BSE Limited & National Stock Exchange of India Limited.

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



Performance of the Share Price of the Company in comparison to the NSE Nifty 50:



H. Registrar and Share Transfer Agents:

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

I. Share Transfer System:

The Board of Directors of the Company have delegated the power of approval of share transfer, transmission, dematerialization and related matters to M/s. Skyline Financial Services Private Limited, the Registrar and Share Transfer Agent of the Company, subject to review by Stakeholders Relationship Committee of the Board on quarterly basis.

Applications for transfer of shares in physical form are processed by the Company's Registrar and Transfer Agent within the time limit stipulated by the Listing Regulations, subject to transfer instrument being valid and complete in all respects.

J. Distribution of Share Holding as on 31st March, 2017:

No. of Shares	Shareholders		Shareholding	
	Number	% of total	Number	% of total
Upto 500	11807	92.72	1633501	8.52
501 - 1000	489	3.84	400542	2.09
1001 - 2000	204	1.60	304505	1.59
2001 - 3000	69	0.54	171112	0.89
3001 - 4000	28	0.22	101365	0.53
4001 - 5000	42	0.33	196832	1.03
5001 - 10000	32	0.25	215973	1.12
10001 & above	64	0.50	16153047	84.23
Total	12735	100.00	19176877	100.00

Shareholding Pattern as on 31st March, 2017:

S. No.	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B)
(A)	**Shareholding of Promoter and Promoter Group**			
	(1) Indian	16	8695936	45.35
	(2) Foreign	0	0	0.00
Total Shareholding of Promoter and Promoter Group		**16**	**8695936**	**45.35**
(B)	**Public Shareholding**			
	(1) Institutions	11	1440930	7.51
	(2) Non-Institutions	12708	9040011	47.14
Total Public Shareholding		**12719**	**10480941**	**54.65**
Total (A+B)		**12735**	**19176877**	**100.00**

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2017, 93.91% of the total Equity Shares of the Company have been dematerialised. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. 1st January, 2002 as per the notification issued by Securities and Exchange Board of India (SEBI).

L. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:

There were no GDRs/ ADRs/ Warrants or any convertible instruments outstanding for conversion as on 31st March, 2017.

M. Commodity price risk or foreign exchange risk and hedging activities:

The Company is exposed to the risk of price fluctuation of raw material as well as finished goods. In the absence of alternate use of raw material, its price fluctuations are directly linked to the price fluctuations of finished products. Accordingly, Company passes on any adverse movement in prices of finished goods to raw material suppliers. The Company's reputation for quality, product differentiation and service coupled with robust marketing network mitigates the impact of price risk on finished goods.

The Company is also exposed to foreign exchange risk due to borrowings in foreign currency, import of raw materials, colour/ chemicals, stores and spares etc. and export of its finished products to various countries. The Company evaluates exchange rate exposure arising from these transactions and takes required hedging from time to time, which minimizes the impact of fluctuations in exchange rate movement.

N. Plant Location:

1. **Kanpur Unit :** Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.
2. **Rudrapur Unit :** Plot No. 6, Sector -2, Integrated Industrial Estate, Pantnagar, Uttarakhand.
3. **Bilaspur Units :** a) Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar, Pargana and Tehsil Bilaspur, Distt. Rampur (U.P.)
   b) Gata No. 112, Village Temra, Tehsil Bilaspur, Distt. Rampur (U.P.)

O. 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
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
bharat@ganeshaecosphere.com

P. Corporate Identification Number (CIN): L51109UP1987PLC009090

Q. E-mail for Investors:

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

R. Nomination Facility:

Shareholders holding Shares in physical form and desirous of making a nomination in respect of their Shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, may submit their request to the Company's Registrar and Transfer Agents, M/s. Skyline Financial Services Private Limited, in the prescribed Form SH-13 which will be sent by the Company upon such request.

7. DISCLOSURES

a) Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and they are placed before the Audit Committee as also to the Board for approval. Omnibus approval from the Audit Committee was obtained on annual basis for transactions which are of repetitive nature. None of the transactions with any of the related parties were in conflict with the interests of the Company. During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the Company's Related Party Transactions Policy.

The Company's Policy on Related Party Transactions is disclosed on the website of the Company at the link **www.ganeshaecosphere.com/wp-content/uploads/2016/05/related-party-transaction.pdf**

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.

c) Whistle Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, actual or suspected fraud, violation of Code of Conduct or legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports etc. The vigil mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

The Policy has been posted on the website of the Company and may be accessed at the link **www.ganeshaecosphere.com/wp-content/uploads/2016/05/whistle-blower-policy.pdf**

d) Adoption of Mandatory and Non-Mandatory Requirements:

The Company has complied with all mandatory requirements of Listing Regulations. However, the Company has not adopted the non-mandatory requirements.

8. CEO AND CFO CERTIFICATION:

The Chairman and Managing Director and the Chief Financial Officer of the Company provide annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. They also provide quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

Declaration

Pursuant to Regulation 26(3) of Listing Regulations, I, Shyam Sunder Sharmma, Chairman and Managing Director of Ganesha Ecosphere Ltd., declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct for the financial year 2016-17.

Place : Kanpur
Date : 12th August, 2017

(Shyam Sunder Sharmma)
Chairman and Managing Director
DIN: 00530921

Auditors' Certificate

To the Members of
Ganesha Ecosphere Limited

We have examined the compliance of conditions of Corporate Governance by Ganesha Ecosphere Limited for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015").

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the 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
Firm Registration No. 002978C

Place: Kanpur
Date: 12th August, 2017

(Deepak Seth)
Partner
Membership No. 073081

Independent Auditors' Report

TO
THE MEMBERS OF
GANESHA ECOSPHERE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Ganesha Ecosphere Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the order') , issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and 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 it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the directors as on 31st March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B"; and

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31st March 2017 on its financial position in its financial statements - Refer Note 38 to the standalone financial statements.

   ii. In our opinion and as per the information and explanations provided to us, the Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31st March 2017.

   iv. The Company has provided requisite disclosures in the standalone financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 on the basis of information available with the Company. Based on audit procedures, and relying on management's representation, we report that disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management -Refer Note 43.

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

Deepak Seth
Partner
Membership No. 073081

Place: Kanpur
Dated: 22nd May, 2017

Annexure-A to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Ganesha Ecosphere Limited on the standalone financial statements as of and for the year ended 31st March 2017.

(1) (i) The Company is maintaining proper records showing full particulars including quantitative details & situation of fixed assets on the basis of available information.

(ii) As explained to us, the fixed assets are physically verified by the management ,according to a phased programme designed to cover all the items over a period of three years ,which in our opinion is reasonable, having regard to the size of the Company & nature of its assets. Pursuant to the programme, a portion of fixed assets has been physically verified by the management during the year and as informed to us, no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(2) As explained to us, the physical verification of inventory has been conducted at reasonable intervals by the management during the year and discrepancies noticed on such physical verification between physical stock and book records were not material considering the operations of the Company and the same have been appropriately dealt with in the books of account.

(3) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties as covered in the register maintained under Section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.

(4) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(5) According to the information and explanations given to us, the Company has not accepted any deposit from the public, within the meaning of Sections 73, 74, 75 and 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified.

(6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the same 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 the records with a view to determining whether they are accurate or complete.

(7) (i) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regularly depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues applicable to it. There are no outstanding statutory dues as at the last day of the financial year under audit for a period of more than six months from the date they became payable.

(ii) 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 2017 that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Amount (₹)	Forum where dispute is pending
U. P. Trade Tax Act, 1948	Entry Tax	156030*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	666061*	Supreme Court
U. P. Trade Tax Act, 1948	Entry Tax	571833*	Supreme Court
Haryana Value Added Tax Act, 2003	Purchase Tax & Interest	297751	Haryana Tax Tribunal Chandigarh
Haryana Value Added Tax Act, 2003	Purchase Tax & Interest	1906632	Haryana Tax Tribunal Chandigarh
Central Excise Act, 1944	Service tax & Penalty	285007*	Commissioner (Appeals), Central Excise & Service Tax Allahabad

Name of the Statute	Nature of the Dues	Amount (₹)	Forum where dispute is pending
Uttarakhand Value Added Tax Act, 2005	Value Added Tax	125212	Joint Commissioner (Appeals) (First) Commercial Tax Haldwani Uttarakhand
West Bengal Tax on Entry of Goods in Local Area Act, 2012	Entry Tax	858237	High Court Calcutta
Central Sales Tax Act,1956	Central Sales Tax (U.P.)	425297	Additional Commissioner (Appeal) II Commercial Tax Kanpur

* Net of amount deposited under dispute.

(8) 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 loans or borrowing to financial institutions, banks, Government. The Company has not issued any debentures during the year.

(9) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. Further as per the records, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments).

(10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

(11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Deepak Seth
Partner
Membership No. 073081

Place: Kanpur
Dated: 22nd May, 2017

Annexure-B to Independent Auditors' Report

Referred to in Paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date to the members of Ganesha Ecosphere Limited on the standalone financial statements as of and for the year ended 31st March 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Ganesha Ecosphere Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Deepak Seth
Partner
Membership No. 073081

Place: Kanpur
Dated: 22nd May, 2017

Balance Sheet As at 31st March, 2017

Amount in ₹

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a. Share Capital	2	19,17,68,770	19,17,68,770
b. Reserves & Surplus	3	2,10,90,93,654	1,81,00,35,146
c. Money Received against Share Warrants	4	-	-
Sub-total		**2,30,08,62,424**	**2,00,18,03,916**
2. Non - Current Liabilities			
a. Long Term Borrowings	5	36,76,56,351	71,74,80,390
b. Deferred Tax Liabilities (Net)	6	14,25,49,410	12,16,39,699
c. Other Long Term Liabilities	7	31,79,703	79,72,828
d. Long Term Provisions	8	4,07,28,383	3,20,80,347
Sub-total		**55,41,13,847**	**87,91,73,264**
3. Current Liabilities			
a. Short Term Borrowings	9	62,52,93,147	46,47,62,139
b. Trade Payables	10	33,86,14,762	21,72,97,666
c. Other Current Liabilities	11	62,33,54,798	51,76,17,771
d. Short Term Provisions	12	2,23,46,078	4,26,58,811
Sub-total		**1,60,96,08,785**	**1,24,23,36,387**
Total		**4,46,45,85,056**	**4,12,33,13,567**
II. ASSETS			
1. Non - Current Assets			
a. **Fixed Assets:**			
i) Tangible Assets	13	2,38,60,20,502	2,55,64,95,107
ii) Intangible Assets	13	18,96,630	19,29,320
iii) Capital Work-in-Progress	13	9,65,32,179	53,98,814
iv) Intangible Assets under development	13	22,81,179	11,39,659
b. Long Term Loans and Advances	14	9,98,86,648	2,50,84,050
c. Other Non-Current Assets	15	36,40,078	31,45,488
Sub-total		**2,59,02,57,216**	**2,59,31,92,438**
2. Current Assets			
a. Inventories	16	92,25,40,654	69,26,88,421
b. Trade Receivables	17	56,05,49,491	49,73,53,684
c. Cash & Bank Balances	18	11,18,10,070	3,77,64,300
d. Short Term Loans and Advances	19	26,49,36,288	27,87,89,005
e. Other Current Assets	20	1,44,91,337	2,35,25,719
Sub-total		**1,87,43,27,840**	**1,53,01,21,129**
Total		**4,46,45,85,056**	**4,12,33,13,567**
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
(Firm 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: 22nd May, 2017

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2017

Amount in ₹

Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I. Revenue from Operations	21		
a. From Sale of products		6,84,29,83,562	6,54,60,60,715
b. Other Operating Revenues		1,65,55,824	79,39,259
Sub-total		**6,85,95,39,386**	**6,55,39,99,974**
c. Less: Excise Duty		11,77,66,017	8,11,40,689
		6,74,17,73,369	**6,47,28,59,285**
II. Other Income	22	2,25,51,240	1,46,55,798
III. Total Revenue (I+II)		**6,76,43,24,609**	**6,48,75,15,083**
IV. Expenses			
a. Cost of Materials Consumed	23	4,11,24,46,461	3,90,59,57,144
b. Purchases of Stock-in-Trade	24	19,17,31,328	10,24,96,679
c. Changes in Inventories of Finished Goods, Work -in-Progress and Stock-in-Trade	25	(5,99,21,777)	8,43,49,679
d. Employee Benefits Expense	26	44,02,59,174	39,32,13,326
e. Finance Costs	27	14,87,12,264	19,86,22,371
f. Depreciation and Amortization Expense	28	20,43,12,367	21,04,89,974
g. Other Expenses	29	1,26,45,49,486	1,24,86,14,821
Total Expenses		**6,30,20,89,303**	**6,14,37,43,994**
V. Profit before Tax (III-IV)		46,22,35,306	34,37,71,089
VI. Tax Expense:			
1) Current Tax		(14,18,84,167)	(7,33,66,251)
Less: MAT Credit		-	35,53,768
2) Deferred Tax		(2,09,09,711)	(2,53,67,030)
VII. Profit for the year (V-VI)		**29,94,41,428**	**24,85,91,576**
VIII. Earnings per Equity Share of face value of ₹10 each	30		
- Basic		15.59	12.84
- Diluted		15.59	12.84
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
(Firm 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: 22nd May, 2017

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2017

Amount in ₹

Particulars		Year ended 31st March, 2017		Year ended 31st March, 2016	
A:	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit before tax as per Statement of Profit and Loss		46,22,35,306		34,37,71,089
	Adjusted for :				
	Prior Period Items (Net)	5,57,444		1,00,267	
	Provision for Doubtful Debts/Advances	39,03,086		37,32,315	
	Provision for Doubtful Debts Written Back	(15,93,977)		(15,42,470)	
	Loss on fixed assets Sold/Discarded	78,142		25,90,429	
	Depreciation/Amortisation	20,43,12,367		21,04,89,974	
	Finance Costs	14,87,12,264	35,59,69,326	19,86,22,371	41,39,92,886
	Operating Profit before Working Capital Changes		81,82,04,632		75,77,63,975
	Adjusted for :				
	Decrease/(Increase) inTrade & Other Receivables	(8,98,95,524)		4,41,81,187	
	Decrease/ (Increase) in Inventories	(22,98,52,233)		13,07,39,822	
	(Decrease)/Increase in Trade & Other Payables	18,87,65,093	(13,09,82,664)	(9,60,53,823)	7,88,67,186
	Cash Generated from Operations		68,72,21,968		83,66,31,161
	Prior Period Items (Net)		(5,57,444)		(1,00,267)
	Direct Taxes Paid		(9,26,71,864)		(6,87,07,954)
	Net Cash From Operating Activities		59,39,92,660		76,78,22,940
B:	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets		(20,13,47,014)		(10,38,83,282)
	Proceeds from sale of Fixed Assets		5,37,617		42,12,742
	Net Cash Used in Investing Activities		(20,08,09,397)		(9,96,70,540)
C:	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Proceeds from/(Repayment) of Long Term Borrowings (Net)		(30,31,80,908)		(10,39,92,564)
	Proceeds from/(Repayment) of Short Term Borrowings (Net)		16,05,31,008		(33,15,58,250)
	Conversion of share warrants		-		2,13,75,000
	Finance Charges		(15,26,01,124)		(19,86,41,388)
	Interim Dividend paid on Preference Shares		-		(1,26,68,384)
	Dividend paid on Equity Shares		(2,30,12,253)		(2,27,12,252)
	Dividend paid on Preference Shares		-		(1,83,89,589)
	Tax on Dividend Distribution		(46,84,753)		(1,09,46,354)
	Net Cash from Financing Activities		(32,29,48,030)		(67,75,33,781)
	Net Increase in Cash and Cash Equivalents (A+B+C)		7,02,35,233		(93,81,381)
	Opening Balance of Cash and Cash Equivalents		2,19,01,885		3,12,83,266
	Closing Balance of Cash and Cash Equivalents (Refer Note 18)		9,21,37,118		2,19,01,885

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
(Firm 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: 22nd May, 2017

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Notes to the Financial Statements for the year ended 31st March, 2017

Note 1: Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements:

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Companies Act, 2013.

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

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criterion set out in Schedule III to the Companies Act, 2013. 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 12 months for the purpose of current and non-current classification of assets and liabilities.

1.2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, based upon the best knowledge of current events and actions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of incomes and expenses during the reporting period. Actual results may differ from those estimates. Any 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 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 to the customer which is generally on the dispatch of goods. Revenue from operations is disclosed inclusive of excise duty and net of sales tax / value added tax, discounts and returns.

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

1.4 Fixed Assets:

Property, Plant & Equipment

Freehold Land is carried at cost. All other items of Property, Plant & Equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Foreign currency exchange variations to the extent covered under AS-11 are capitalized as per the policy stated in note 1.7.

Property, Plant & Equipment which are not ready for their intended use are disclosed under Capital work-in-progress. Expenditure during construction period (including borrowing cost relating to borrowed funds for construction or acquisition of Property, Plant & Equipment) 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 Property, Plant & Equipment 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 Property, Plant & Equipment 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.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use. Intangible assets which are not ready for their intended use are disclosed as Intangible assets under development and are stated at the amount expended up to the date of Balance Sheet.

1.5 Depreciation/Amortization:

i) Depreciation on Property, Plant & Equipment is provided on "Written Down Value Method (WDV)" except in respect of Building and Machinery of Kanpur Unit and Temra (Bilaspur) Unit where depreciation is provided on "Straight Line Method (SLM)" .

ii) Depreciation is provided based on useful life of the assets as provided in Schedule II to the Companies Act,

Notes to the Financial Statements for the year ended 31st March, 2017

Note 1: Significant Accounting Policies (contd..)

2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

a) The useful life of certain machinery being continuous process plants, which is required and designed to operate for 24 hours a day, has been estimated, based on independent technical evaluation, as 18 years;

b) 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.

c) Cost of Technical Know-how and Software capitalized is amortised over a period of five years on Straight Line Method.

d) Individual assets, whose actual cost does not exceed ₹10,000 are depreciated fully within the year of acquisition.

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

iv) In respect of additions or extensions forming part of existing assets, including incremental cost arising on translation of foreign currency liabilities for acquisition of Property, Plant & Equipment, depreciation is provided over the residual life of the respective assets.

1.6 Borrowing Costs:

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest and other borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit & Loss in the period in which they are incurred.

1.7 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 Property, Plant & Equipment, 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 Property, Plant & Equipment, are adjusted to the carrying cost of such assets and are depreciated over the balance useful life of the asset.

1.8 Valuation of Inventories:

Items of Inventories are valued at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories is ascertained on the 'weighted average' basis. Inventory of Finished goods* and Work in progress is valued on full absorption cost incurred 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.)

1.9 Employee Benefits:

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

1.10 Taxation:

Tax expense comprises Current and Deferred Tax.

Current Income Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates 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

Notes to the Financial Statements for the year ended 31st March, 2017

Note 1: Significant Accounting Policies (contd..)

timing difference is measured based on the current tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is a reasonable certainty that these assets can be realized in future against future taxable income. Deferred tax assets/ liabilities are reviewed at each Balance Sheet date.

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

1.11 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligations. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.12 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.

1.13 Government Grants:

Grants and subsidies from the Government are recognized when there is reasonable certainty that the grant/ subsidy will be received and all attaching conditions will be complied with.

Grants received against specific Property, Plant & Equipment are adjusted to cost of assets and those in the nature of promoter's contribution are credited to Capital Reserve. Revenue Grants are recognized in the Statement of Profit and Loss on a systematic basis to match them with related costs.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 2: Share Capital

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Authorised:				
2,40,00,000 (Previous Year 2,40,00,000) Equity Shares of ₹10 /- each	24,00,00,000		24,00,00,000	
31,50,000 (Previous Year 31,50,000) Preference Shares of ₹100/- each	31,50,00,000	55,50,00,000	31,50,00,000	55,50,00,000
Issued, Subscribed & Paid up:				
1,91,76,877 (Previous Year 1,91,76,877) Equity Shares of ₹10/- each fully paid up		19,17,68,770		19,17,68,770
		19,17,68,770		**19,17,68,770**

2.1 Reconciliation of the number of shares outstanding:

Particulars	As at 31st March, 2017 Numbers	As at 31st March, 2016 Numbers
a. Equity Shares outstanding at the beginning of the year	1,91,76,877	1,62,01,000
Add: Shares issued during the year	-	29,75,877
Equity Shares outstanding at the end of the year	**1,91,76,877**	**1,91,76,877**
b. Compulsorily Convertible Preference Shares outstanding at the beginning of the year	-	31,07,500
Add: Issued during the year	-	-
Less: Converted into Equity Shares during the year	-	(31,07,500)
Compulsorily Convertible Preference Shares outstanding at the end of the year	**-**	**-**

2.2 The Company is having only one class of equity shares 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.

2.3 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Equity Shares				
MCAP India Fund Limited	29,75,877	15.52	29,75,877	15.52
GPL Finance Ltd.	21,23,201	11.07	21,23,201	11.07
Shyam Sunder Sharmma	19,38,927	10.11	19,38,927	10.11
SBI Mutual Fund	14,24,605	7.43	13,64,250	7.11
Rajesh Sharma	10,95,529	5.71	10,95,529	5.71

2.4 The Company has neither issued shares for a consideration other than cash/ bonus shares nor bought back any shares during the period of 5 years immediately preceding the reporting date.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 3: Reserves and Surplus

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
a. Capital Reserve				
As per last Balance Sheet	2,25,28,050		2,25,28,028	
Add: Addition during the year	-	2,25,28,050	22	2,25,28,050
b. Capital Redemption Reserve				
As per last Balance Sheet		4,50,00,000		4,50,00,000
c. Securities Premium Account				
As per last Balance Sheet	43,89,59,565		12,94,68,357	
Add: Premium Received During the Year	-	43,89,59,565	30,94,91,208	43,89,59,565
d. General Reserve				
As per last Balance Sheet		2,64,13,041		2,64,13,041
e. Surplus				
Balance at the beginning of the year	1,27,71,34,490		1,07,59,04,220	
Add: Profits for the year	29,94,41,428		24,85,91,576	
	1,57,65,75,918		1,32,44,95,796	
Less: Appropriations:				
MAT Credit (Recognised)/ Reversed for earlier years	(4,14,477)		2,59,560	
Taxation adjustments for earlier years (net)	7,97,396		2,20,409	
Dividend				
- Equity for previous year	1#		32,71,052	
- Equity - Proposed (₹1.20 per share)	-		2,30,12,252	
- Compulsory Convertible Preference - Interim 12% p.a.	-		1,26,68,384	
Dividend Distribution Tax				
- Equity for previous year	-		6,65,911	
- Equity - Proposed	-		46,84,753	
- Compulsory Convertible Preference - Interim	-		25,78,985	
	3,82,920	**1,57,61,92,998**	**4,73,61,306**	**1,27,71,34,490**
Total		**2,10,90,93,654**		**1,81,00,35,146**

Represents dividend payment relating to previous year (being rounding off difference between amount paid and amount appropriated).

Notes to the Financial Statements for the year ended 31st March, 2017

Note 4: Money Received Against Share Warrants

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
Money Received against Share Warrants	-	-
Total	**-**	**-**

4.1 The reconciliation of the number of Share Warrants is as under:

Particulars	As at 31st March, 2017	As at 31st March, 2016
	Numbers	Numbers
Balance at the beginning of the year	-	2,50,000
Add: Issued during the year	-	-
	-	**2,50,000**
Less: Converted into Equity Shares during the year	-	2,50,000
Balance at the end of the year	**-**	**-**

4.2 Previous year 2,50,000 Warrants had been converted into equal number of Equity Shares of ₹10/- each at a premium of ₹104/- per share.

Note 5: Long Term Borrowings

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Non Current	Current	Non Current	Current
SECURED				
Rupee Term Loans from Banks & State Government	20,89,58,729	28,04,61,341	50,13,93,607	25,75,31,379
Rupee Term Loans from Others	4,89,454	56,13,807	61,03,261	1,28,40,526
Foreign Currency Loan from Banks	6,22,83,168	4,01,76,000	11,50,07,578	3,08,02,762
Buyers Credit from Bank in Foreign Currency	-	4,30,09,380	3,22,00,944	1,17,65,859
UNSECURED				
Rupee Term Loans from Others	-	-	-	11,76,871
Loans from Directors	3,28,00,000	-	1,06,00,000	-
Loans from Directors' relatives (Related Parties)	6,31,25,000	-	5,21,75,000	85,00,000
Total	**36,76,56,351**	**36,92,60,528**	**71,74,80,390**	**32,26,17,397**
Less: Amount disclosed under the head "Other Current Liabilities" (Refer Note 11)	-	36,92,60,528	-	32,26,17,397
Net Amount	**36,76,56,351**	**-**	**71,74,80,390**	**-**

Nature of Security and Terms of Repayment:

a. Rupee Term Loans from Banks & State Government:

i) Rupee Term Loans and Foreign Currency Loan from Banks, including Buyers credit from Bank, aggregating to ₹63,25,84,691 (Previous Year ₹94,87,02,129) 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. These loans are repayable in monthly/ quarterly installments as per following maturity profile:

Years	2017-18	2018-19	2019-20	2020-21
₹	36,36,46,721	13,52,00,000	9,87,37,970	3,50,00,000

Notes to the Financial Statements for the year ended 31st March, 2017

Note 5: Long Term Borrowings (contd..)

ii) Interest Free loan of ₹23,03,927 (Previous Year Nil) received from U.P. State Governement under Industrial Investment Promotion Scheme is secured by way of Bank Guarantee and repayable during 2023-24.

b. Rupee term loans from Others aggregating to ₹61,03,261 (Previous Year ₹1,89,43,787) 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:

Years	2017-18	2018-19
₹	56,13,807	4,89,454

c. Unsecured Loans from Director and Directors' relatives aggregating to ₹9,59,25,000 (Previous Year 7,12,75,000) are repayable during 2020-21 after the repayment of Banks' term loans as per terms of sanction.

Note 6: Deferred Tax Liability (Net)

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Deferred Tax Liability				
Related to Fixed Assets		16,60,67,188		14,13,80,077
Deferred Tax Assets				
- Expenditure allowable on actual payment basis under the Income Tax Act	2,09,21,443		1,75,38,286	
- Others	25,96,335	2,35,17,778	22,02,092	1,97,40,378
Net Deferred Tax Liability		**14,25,49,410**		**12,16,39,699**

Note 7: Other Long Term Liabilities

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Trade Payables				
- Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-		-	
- Others	15,25,803	15,25,803	53,93,218	53,93,218
Other payables		16,53,900		25,79,610
Total		**31,79,703**		**79,72,828**

Note 8: Long Term Provisions

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
Provision for Employee Benefits (Refer Note 26.1)				
- Gratuity	3,47,07,593		2,83,02,306	
- Leave encashment	60,20,790	4,07,28,383	37,78,041	3,20,80,347
Total		**4,07,28,383**		**3,20,80,347**

Notes to the Financial Statements for the year ended 31st March, 2017

Note 9: Short Term Borrowings

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
SECURED				
Working Capital Loans from Banks				
- Rupee Loans	61,15,06,026		43,08,47,743	
- Foreign Currency Loans	37,121	61,15,43,147	39,396	43,08,87,139
UNSECURED				
Loans repayable on demand:				
- from Directors	-		1,87,00,000	
- from Directors' relatives & other related parties	1,37,50,000		1,00,25,000	
- from others	-	1,37,50,000	51,50,000	3,38,75,000
Total		**62,52,93,147**		**46,47,62,139**

Working capital loans from Banks are secured by hypothecation of current assets of the Company both present and future, ranking pari-passu inter-se. These loans are further secured by way of extension of pari-passu 1st charge on fixed assets (except the assets exclusively charged/ hypothecated against specific loan) of the Company and also guaranteed by the Executive Directors and others.

Note 10: Trade Payables

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
a. Due to Micro, Small & Medium Enterprises (Refer Note - 40)	-		-	
b. Others	33,86,14,762	33,86,14,762	21,72,97,666	21,72,97,666
Total		**33,86,14,762**		**21,72,97,666**

Note 11: Other Current Liabilities

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
a. Current maturities of long term debts (Refer Note 5)	36,92,60,528	32,26,17,397
b. Interest accrued but not due on borrowings	11,58,439	12,66,608
c. Interest accrued and due on borrowings	54,25,089	92,05,780
d. Unclaimed Dividend #	67,04,301	61,74,184
e. Creditors for Capital Expenditure	3,03,74,487	2,18,42,546
f. Advances from Customers	90,25,113	67,02,004
g. Statutory Dues	1,10,22,065	1,00,07,071
h. Other Payables*	19,03,84,776	13,98,02,181
Total	**62,33,54,798**	**51,76,17,771**

During the year Company has transferred ₹3,97,086/- (Previous Year Nil) to Investor Education and Protection Fund towards Unclaimed Dividend.

* Dues payable to employees and accrued expenses.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 12: Short Term Provisions

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
a. Provisions for Gratuity & Leave Encashment (Refer Note 26.1)				
- Gratuity	52,29,882		45,73,899	
- Leave encashment	21,28,436	73,58,318	13,73,688	59,47,587
b. Provision for Income Tax (net of Advance tax)		1,33,03,054		65,29,112
c. Proposed Dividend (Refer Note 41)		-		2,30,12,252
d. Provision for Tax on Proposed Dividend		-		46,84,753
e. Provision for Excise Duty		16,84,706		24,85,107
Total		**2,23,46,078**		**4,26,58,811**

Note 13: Fixed Assets

Amount in ₹

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION				NET CARRYING AMOUNT	
	Balance as at 31st March, 2016	Additions	Disposals	Balance as at 31st March, 2017	Balance as at 31st March, 2016	Additions	Disposals	Balance as at 31st March, 2017	Balance as at 31st March, 2017	Balance as at 31st March, 2016
PROPERTY, PLANT & EQUIPMENT (Tangible Assets)										
Own Assets:										
Freehold Land & Site Development	11,29,49,278	-	-	11,29,49,278	-	-	-	-	11,29,49,278	11,29,49,278
Leasehold Land	1,45,20,209	-	-	1,45,20,209	13,77,547	1,61,161	-	15,38,708	1,29,81,501	1,31,42,662
Buildings	**75,64,48,287**	-	-	75,64,48,287	13,80,95,227	3,40,29,538	-	17,21,24,765	58,43,23,522	61,83,53,060
Machinery	2,58,49,60,898	2,30,71,159	18,69,052	2,60,61,63,005	78,67,77,824	16,20,49,813	13,46,319	94,74,81,318	1,65,86,81,687	1,79,81,83,074
Furniture & Fixtures	1,26,35,509	5,39,921	-	1,31,75,430	98,57,197	11,81,275	-	1,10,38,472	21,36,958	27,78,312
Office Equipments	**2,54,01,059**	30,77,421	1,15,500	2,83,62,980	1,87,09,018	38,62,850	1,09,725	2,24,62,143	59,00,837	66,92,041
Motor Vehicles	**1,99,66,983**	69,19,975	9,46,626	2,59,40,332	1,55,70,303	21,82,685	8,59,375	1,68,93,613	90,46,719	43,96,680
Total	**3,52,68,82,223**	**3,36,08,476**	**29,31,178**	**3,55,75,59,521**	**97,03,87,116**	**20,34,67,322**	**23,15,419**	**1,17,15,39,019**	**2,38,60,20,502**	**2,55,64,95,107**
Previous Year's Total	**3,42,44,09,981**	19,56,94,168	9,32,21,926	3,52,68,82,223	84,71,21,375	20,96,84,496	8,64,18,755	97,03,87,116	2,55,64,95,107	2,57,72,88,606
INTANGIBLE ASSETS:										
Technical Knowhow	**14,62,548**	-	-	14,62,548	14,62,548	-	-	14,62,548	-	-
Software	**51,92,616**	8,12,355	-	60,04,971	32,63,296	8,45,045	-	41,08,341	18,96,630	19,29,320
Total	**66,55,164**	**8,12,355**	-	**74,67,519**	**47,25,844**	**8,45,045**	-	**55,70,889**	**18,96,630**	**19,29,320**
Previous Year's Total	**58,49,543**	8,05,621	-	66,55,164	39,20,366	8,05,478	-	47,25,844	19,29,320	19,29,177
Capital Work-in- progress (including Pre-operative expenses pending allocation to assets - Refer Note 35)									9,65,32,179	53,98,814
Intangible assets under development									22,81,179	11,39,659

13.1 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, gain/ (loss) on account of foreign exchange fluctuations amounting to ₹28,78,098/- [Previous Year ₹ (1,61,81,509/-)] has been adjusted with the cost of capital assets, to be depreciated over the balance useful life of respective assets.

13.2 Entire Property, Plant & Equipment is pledged to the Term Lending and Working Capital Provider Banks and NBFCs to secure their respective dues.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 14: Long Term Loans & Advances

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
(Unsecured and considered good unless otherwise stated)				
a. Capital Advances		7,46,51,298		-
b. Security Deposits		2,43,61,135		2,39,13,009
c. Other Loans & Advances*	12,89,215		37,50,551	
Less: Provision for Doubtful Advances (other than employees)	(4,15,000)	8,74,215	(25,79,510)	11,71,041
Total		**9,98,86,648**		**2,50,84,050**

* Includes Loans to Employees.

Note 15: Other Non Current Assets

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
(Unsecured)				
a. Long term Trade Receivables	70,87,124		37,83,447	
Less: Provision for Doubtful Debts	(70,87,124)	-	(37,83,447)	-
b. Credit/ Refund of Statutory Dues		36,40,078		31,45,488
Total		**36,40,078**		**31,45,488**

Note 16: Inventories

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
(Refer Note no. 1.8 for valuation)				
a. Raw-Materials	35,89,63,398		20,32,70,922	
Raw-Materials in transit	-	35,89,63,398	2,67,380	20,35,38,302
b. Work-in-progress		6,93,58,994		5,06,94,667
c. Finished Goods		33,08,36,202		30,38,76,801
d. Stock-in-trade		2,15,47,036		72,48,987
e. Stores & Spares		14,18,35,024		12,73,29,664
Total		**92,25,40,654**		**69,26,88,421**

16.1 Details of Raw Materials

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
Plastic/ Pet Bottle Scrap	26,35,39,277	10,79,49,043
POY/ Texturised/ Twisted Yarn	61,00,119	51,82,676
Colour & Chemicals	8,23,20,153	8,25,32,099
Packing Materials	70,03,849	78,74,484
Total	**35,89,63,398**	**20,35,38,302**

16.2 Details of Work-in-progress

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
Polyester Staple Fibre	3,81,66,787	2,83,48,955
Dyed Texturised Yarn	1,31,09,138	99,76,312
Spun Yarn	1,80,83,069	1,23,69,400
Total	**6,93,58,994**	**5,06,94,667**

Notes to the Financial Statements for the year ended 31st March, 2017

Note 16: Inventories (contd..)

16.3 Details of Finished Goods

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
Polyester Staple Fibre	17,63,88,810	19,19,75,995
Dyed Texturised Yarn	1,47,60,298	1,82,96,324
Spun Yarn	13,94,75,094	9,33,54,482
Waste & Scrap	2,12,000	2,50,000
Total	**33,08,36,202**	**30,38,76,801**

16.4 Details of Stock in Trade

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
Polyester Staple Fibre	2,05,33,612	72,22,883
Yarn	9,245	26,104
Others	10,04,179	-
Total	**2,15,47,036**	**72,48,987**

Note 17: Trade Receivables

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
(Unsecured and considered good)		
a. Over Six Months from due date	-	38,64,679
b. Others	56,05,49,491	49,34,89,005
Total	**56,05,49,491**	**49,73,53,684**

Note 18: Cash & Bank Balances

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
A. Cash and Cash Equivalents:				
a. Balances with Banks (in current accounts)	2,79,88,498		1,33,68,409	
b. Cheques on hand	67,08,159		40,47,397	
c. Cash on hand	9,99,614		8,28,080	
d. Fixed Deposits with Banks	5,64,40,847	9,21,37,118	36,57,999	2,19,01,885
B. Other Bank Balances:				
a. Unclaimed dividend accounts	67,04,301		61,74,184	
b. Fixed Deposits with Banks #				
- Held as margin money with Banks/ pledged to Excise authorities	56,58,989		62,28,194	
- Others	73,09,662	1,96,72,952	34,60,037	1,58,62,415
Total		**11,18,10,070**		**3,77,64,300**

Fixed deposits with banks include deposits of ₹55,67,906/- (Previous Year ₹28,98,006/-) with maturity of more than 12 months.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 19: Short Term Loans & Advances

Amount in ₹

Particulars	As at 31st March, 2017		As at 31st March, 2016	
(Unsecured and considered good)				
a. Prepaid Expenses & Lease rent		90,65,003		64,26,166
b. Security Deposits		16,08,650		13,92,150
c. Advances to Vendors		4,04,42,851		3,23,53,921
d. Advances to Employees and Others		27,77,154		28,60,821
e. Insurance Claim Receivable		2,24,723		-
f. Credits/ Refund of Statutory Dues		2,88,59,790		1,09,76,550
g. MAT Credit available for set off:				
- As per last Balance Sheet	22,47,79,397		22,50,38,957	
Less: MAT credit utilized	(4,32,35,757)		-	
Add: MAT Credit recognized	4,14,477	18,19,58,117	(2,59,560)	22,47,79,397
Total		**26,49,36,288**		**27,87,89,005**

Note 20: Other Current Assets

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
a. Export incentives receivable	31,64,431	84,52,973
b. Interest Subsidy and Interest receivable	1,12,74,406	1,48,75,418
c. Discraded Fixed Assets held for disposal	52,500	1,97,328
Total	**1,44,91,337**	**2,35,25,719**

Note 21: Revenue From Operations

Amount in ₹

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
a. Sale of Products				
i) Manufactured				
- Polyester Staple Fibre	5,17,83,89,655		4,80,30,34,721	
- Dyed Texturized Yarn	31,30,40,584		31,60,46,060	
- Spun Yarn*	1,12,43,43,459		1,29,91,00,710	
- Waste and Scrap	1,47,00,885	6,63,04,74,583	1,48,84,621	6,43,30,66,112
ii) Traded Goods				
- Polyester Staple Fibre	16,41,83,190		4,30,86,254	
- Yarn	-		4,22,32,440	
- Others	4,83,25,789	21,25,08,979	2,76,75,909	11,29,94,603
Sub-Total		**6,84,29,83,562**		**6,54,60,60,715**
b. Other Operating Revenues				
i) Job Work Receipt		6,19,881		7,35,770
ii) Insurance Claims received		53,17,308		15,18,365
iii) Service Tax refund		16,05,025		20,55,287
iv) Unspent Liability Written Back		90,13,610		36,29,837
Sub-Total		**1,65,55,824**		**79,39,259**
Total		**6,85,95,39,386**		**6,55,39,99,974**
Less: Excise Duty		11,77,66,017		8,11,40,689
Total		**6,74,17,73,369**		**6,47,28,59,285**

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

Notes to the Financial Statements for the year ended 31st March, 2017

Note 22: Other Income

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a. Interest received	51,14,142	83,35,715
b. Net Gain on foreign currency transaction & translation	1,67,67,594	60,61,145
c. Other Non-Operating Income	6,69,504	2,58,938
Total	**2,25,51,240**	**1,46,55,798**

Note 23: Cost of Materials Consumed

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Raw Materials:		
a. Plastic/ Pet bottles scraps	3,39,76,02,970	3,21,63,69,350
b. POY/Texturized/ Twisted Yarn	16,76,83,361	15,98,85,812
c. Colour & Chemicals	47,91,39,442	46,29,80,584
d. Packing Material & Expenses	6,80,20,688	6,67,21,398
Total	**4,11,24,46,461**	**3,90,59,57,144**

Note 24: Purchases of Stock-in-Trade

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a. Polyester Staple Fibre	14,81,59,639	4,13,61,420
b. Yarn	-	3,59,53,668
c. Other	4,35,71,689	2,51,81,591
Total	**19,17,31,328**	**10,24,96,679**

Note 25: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

Amount in ₹

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
a. Closing Inventories:				
i) Finished Goods & Stock-in-trade	35,23,83,238		31,11,25,788	
ii) Work-in-progress	6,93,58,994	42,17,42,232	5,06,94,667	36,18,20,455
Less:				
b. Opening Inventories:				
i) Finished Goods & Stock-in-trade	31,11,25,788		38,50,44,803	
ii) Work-in-progress	5,06,94,667	36,18,20,455	6,11,25,331	44,61,70,134
Total		**5,99,21,777**		**(8,43,49,679)**

Note 26: Employee Benefits Expense

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a. Salaries, Wages and Bonus etc.	41,40,39,952	36,83,66,409
b. Contribution to Provident & Other Funds	1,69,40,066	1,59,94,298
c. Staff Welfare Expenses	92,79,156	88,52,619
Total	**44,02,59,174**	**39,32,13,326**

Notes to the Financial Statements for the year ended 31st March, 2017

Note 26: Employee Benefits Expense (contd..)

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 ₹1,69,40,066 (Previous Year ₹1,59,94,298).

b. Defined benefit Plans

As per Actuarial Valuation on 31st March,2017

i. Expenses recognized in the Statement of Profit & Loss for the year ended 31st March, 2017:

Amount in ₹

Particulars	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
1. Current Service Cost	65,71,588	53,47,709	30,87,073	19,72,624
2. Past Service Cost	-	-	7,63,464	-
3. Interest Cost	25,31,468	20,79,089	3,96,683	3,60,718
4. Expected Return on the Plan Assets	-	-	-	-
5. Net Actuarial (Gain)/ Losses recognized	(3,38,133)	(1,30,596)	(9,79,300)	(15,19,554)
6. Curtailment Cost/ Settlement Cost	-	-	-	-
7. Total Expense	87,64,923	72,96,202	32,67,920	8,13,788

ii. Net Asset/ (Liability) recognized in Balance Sheet as at 31st March, 2017:

Amount in ₹

Particulars	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
1. Present value of Defined Benefit Obligation on 31st March	3,99,37,475	3,28,76,205	81,49,226	51,51,729
2. Fair Value of Plan Assets on 31st March	-	-	-	-
3. Funded Status [Surplus/ (Deficit)]	(3,99,37,475)	(3,28,76,205)	(81,49,226)	(51,51,729)
4. Net Asset/ (Liability) recognized in Balance Sheet on 31st March	3,99,37,475	3,28,76,205	81,49,226	51,51,729

iii. Change in Present Value of Obligation during the year ended 31st March, 2017:

Amount in ₹

Particulars	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
1. Present value of Obligation at the beginning of the year	3,28,76,205	2,66,54,993	51,51,729	46,24,591
2. Interest Cost	25,31,468	20,79,089	3,96,683	3,60,718
3. Past Service Cost	-	-	7,63,464	-
4. Current Service Cost	65,71,588	53,47,709	30,87,073	19,72,624
5. Curtailment Cost/ Settlement Cost	-	-	-	-
6. Benefit payments	(17,03,653)	(10,74,990)	(2,70,423)	(2,86,650)
7. Actuarial (Gain)/ Loss on obligation	(3,38,133)	(1,30,596)	(9,79,300)	(15,19,554)
8. Present value of Obligation at the end of the year	3,99,37,475	3,28,76,205	81,49,226	51,51,729

iv. Fair value & changes in fair value of Plan Assets during the year ended 31st March, 2017:

Gratuity & Leave Encashment obligations are not funded.

Notes to the Financial Statements for the year ended 31st March, 2017

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

v. Actuarial Assumption

Amount in ₹

Particulars	As on 31st March, 2017	As on 31st March, 2016
1. Discount Rate	7.00%	7.70%
2. Salary Escalation Rate	7.00%	7.00%
3. Expected Rate of Return on Plan Assets	-	-
4. Mortality	Indian Assured Lives Mortality (2006-2008) ultimate Table	Indian Assured Lives Mortality (2006-2008) 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.

Note 27: Finance Costs

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a. Interest Expense	13,86,50,844	18,05,49,903
b. Other borrowing costs	1,00,61,420	1,17,64,290
c. Net Loss/ (Gain) on foreign currency transactions and translations	-	63,08,178
Total	**14,87,12,264**	**19,86,22,371**

Note 28: Depreciation and Amortization Expenses

Amount in ₹

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
a. Depreciation	20,41,51,206	21,03,28,638
b. Amortization	1,61,161	1,61,336
Total	**20,43,12,367**	**21,04,89,974**

Note 29: Other Expenses

Amount in ₹

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
A. Manufacturing Expenses:				
a. Consumption of Stores & Spares		19,01,73,673		21,32,46,812
b. Power and Fuel		72,41,97,578		69,16,70,022
c. Processing Charges		3,70,22,867		5,27,89,362
d. Excise Duty*		(8,00,401)		(7,11,349)
e. Repairs to:				
- Machinery	2,67,87,756		2,54,54,975	
- Building	1,57,33,949		1,29,19,756	
- Others	35,56,211	4,60,77,916	49,64,184	4,33,38,915
Total (A)		**99,66,71,633**		**1,00,03,33,762**

* Represents excise duty related to variation in opening and closing stocks.

Notes to the Financial Statements for the year ended 31st March, 2017

Note 29: Other Expenses (contd..)

Amount in ₹

Particulars	Year ended 31st March, 2017		Year ended 31st March, 2016	
B. Administrative Expenses:				
a. Rent		82,90,595		59,61,117
b. Insurance		91,56,755		97,23,362
c. Rates and Taxes		11,86,909		8,24,935
d. Travelling and Conveyance		1,22,76,764		1,20,28,341
e. Printing and Stationery		29,27,715		35,83,293
f. Postage and Telephones		63,30,945		55,15,070
g. Payments to the Auditors towards:				
- Audit Fee	6,29,167		6,38,606	
- Tax / Vat Audit	86,322		85,857	
- Certification work	54,037		1,28,893	
- Reimbursement of expenses	11,500	7,81,026	8,427	8,61,783
h. Cost Auditors' Remuneration:				
- Audit Fee		91,874		60,106
i. Listing Fees		4,55,864		5,82,779
j. Directors' Sitting Fee		1,89,500		1,99,422
k. Vehicle Running and Maintenance		75,05,475		67,50,111
l. Legal and Professional Charges		1,71,53,352		53,78,478
m. Filing Fees		38,896		37,449
n. Miscellaneous Expenses		1,02,92,972		1,05,55,999
o. Prior period Items (Net)		5,57,444		1,00,267
p. Provision for Doubtful Debts Written Back		(15,93,977)		(15,42,470)
q. Provision for Doubtful Debts/ Advances		39,03,086		37,32,315
r. Bed Debts / Advances Written off		11,01,041		-
s. Loss on fixed assets sold/ discarded		78,142		25,90,429
t. Lease Rent		92,747		91,262
u. Expenditure towards Corporate Social Responsibility (CSR)		60,78,146		58,20,000
Total (B)		**8,68,95,271**		**7,28,54,048**
C. Selling Expenses:				
a. Freight and Forwarding charges		15,52,93,149		15,26,15,311
b. Other Selling & Distribution Expenses		2,56,89,433		2,28,11,700
Total (C)		**18,09,82,582**		**17,54,27,011**
Total (A+B+C)		**1,26,45,49,486**		**1,24,86,14,821**

Notes to the Financial Statements for the year ended 31st March, 2017

Note 30: Earnings Per Share

Amount in ₹

Particulars	2016-17		2015-16	
Profit attributable to Equity Shareholders for Basic & Diluted EPS		29,94,41,428		23,59,23,192
Less: a. Tax adjustments for earlier years	7,97,396		2,20,409	
b. Mat Credit (recognition)/ reversal for earlier years	(4,14,477)		2,59,560	
c. Tax on Preference Dividend	-	3,82,919	25,78,985	30,58,954
Net Profit attributable to Equity Shareholders		29,90,58,509		23,28,64,238
Weighted average number of Equity Shares for Basic & Diluted Earnings per share (Numbers)		1,91,76,877		1,81,36,553
Nominal Value per Equity Share (₹)		10		10
Earnings per share				
- Basic		15.59		12.84
- Diluted		15.59		12.84

Note 31: Imported and Indigeneous Raw Materials and Stores & Spares Consumed

Particulars	2016-17		2015-16	
	Value (₹)	Percentage of total consumption	Value (₹)	Percentage of total consumption
a. Raw Material				
- Imported	20,72,37,091	5.04	22,84,69,293	5.85
- Indigeneous	3,90,52,09,370	94.96	3,67,74,87,851	94.15
	4,11,24,46,461	**100.00**	**3,90,59,57,144**	**100.00**
b. Stores & Spares				
- Imported	3,30,37,464	17.37	3,21,08,698	15.06
- Indigeneous	15,71,36,209	82.63	18,11,38,114	84.94
	19,01,73,673	**100.00**	**21,32,46,812**	**100.00**

Note 32: CIF Value of Imports

Amount in ₹

Particulars	2016-17	2015-16
Raw Materials/ Traded Goods	26,81,47,890	18,33,48,866
Stores & Spares	2,70,20,917	2,52,41,504
Capital Goods	38,24,984	-

Notes to the Financial Statements for the year ended 31st March, 2017

Note 33: Expenditure in Foreign Currency

Amount in ₹

Particulars	2016-17	2015-16
Travelling	12,45,059	5,71,931
Commission	19,66,106	16,98,527
Interest	74,74,123	1,21,78,338
Repair to Plant & Machinery	-	4,79,640
Sales Promotion	7,27,445	-
Miscellaneous	1,48,334	1,82,249

Note 34: Earnings in Foreign Currency

Amount in ₹

Particulars	2016-17	2015-16
F.O.B. Value of Exports	34,79,29,253	35,88,63,319

Note 35: Pre-Operative Expenses

(relating to expansion and included in capital work in progress)

Amount in ₹

Particulars	2016-17		2015-16	
Opening Balance		-		-
Add: a. Other Expenses	27,72,843		-	
b. Finance costs	59,38,748	87,11,591	-	-
		87,11,591		-
Less: Allocation to Fixed Assets		-		-
Closing Balance		87,11,591		-

Note 36: Segment Information

a. Primary Segment (by Business Segment):

Based on the guiding principles given in the Accounting Standard on Segment Reporting (AS-17), Company is primarily in the business of manufacture and sale of Polyester Staple Fibre and Polyester Yarn which are mainly having similar risks and returns. Since Company's business activity falls within a single business segment (synthetic textile), hence it has no other primary reportable segments.

b. Secondary Segment (by Geographical demarkation):

Amount in ₹

Particulars	2016-17	2015-16
Revenue from Operations (net of excise duty):		
- Domestic (Within India)	6,34,50,04,156	6,08,47,07,557
- Export	39,67,69,213	38,81,51,728
Total	**6,74,17,73,369**	**6,47,28,59,285**

Notes to the Financial Statements for the year ended 31st March, 2017

Note 37: Related Party Disclosures

37.1 Names of related parties & description of relationship:

A.	**Key Management Personnel:**	
1.	Shri Shyam Sunder Sharmma	Chairman cum Managing Director
2.	Shri Vishnu Dutt Khandelwal	Executive Vice Chairman
3.	Shri Sharad Sharma	Joint Managing Director
4.	Shri Rajesh Sharma	Executive Director
5.	Shri Gopal Singh Shekhavat	Director (Administration)
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
6.	Smt. Charu Khandelwal	Son's Wife of Shri Vishnu Dutt Khandelwal
7.	Shri Yash Sharma	Son of Shri Sharad Sharma
8.	Shri Ashwani Sharma	Son of Shri Rajesh Sharma
9.	Smt. Richa Sharma	Daughter of Shri Vishnu Dutt Khandelwal
10.	Shyam Sunder Sharmma HUF	Shri Shyam Sunder Sharmma is Karta
11.	Vishnu Dutt Khandelwal HUF	Shri Vishnu Dutt Khandelwal is Karta
12.	Sharad Sharma HUF	Shri Sharad Sharma is Karta
13.	Rajesh Sharma HUF	Shri Rajesh Sharma is Karta
C.	**Companies & Concerns Controlled by Key Management Personnel/Relatives:**	
1.	Sandeep Yarns Pvt. Ltd.	
2.	GPL Finance Limited	

37.2 Summary of Transactions:

Amount in ₹

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Companies Controlled by Key Management Personnel/ Relatives
i. Transactions during the year			
Managerial Remuneration	3,00,88,057	-	-
	(2,95,21,957)	(-)	(-)
Salary/Stipend/Commission	-	23,87,700	-
	(-)	(12,87,155)	(-)
Reimbursement of Expenses	5,59,768	5,40,870	-
	(1,74,443)	(81,060)	(-)
Interest paid	21,07,926	71,95,900	6,42,097
	(21,35,512)	(65,47,520)	(8,72,279)
Unsecured Loan Accepted	42,50,000	1,13,50,000	1,05,00,000
	(4,61,50,000)	(7,19,75,000)	(33,00,000)
Unsecured Loan Repaid	11,50,000	85,00,000	67,75,000
	(2,74,50,000)	(7,00,000)	(-)
ii. Amount Outstanding at Balance Sheet date			
Unsecured Loans Outstanding	2,18,00,000	7,41,25,000	1,37,50,000
	(1,87,00,000)	(7,12,75,000)	(1,00,25,000)
Amounts Payable	1,19,55,336	11,76,380	2,19,252
	(1,71,65,539)	(13,66,465)	(2,24,943)

Notes to the Financial Statements for the year ended 31st March, 2017

Note 37: Related Party Disclosures (contd..)

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.

Note 38: Contingent Liabilities and Commitments (to the extent not provided for)

Amount in ₹

Particulars	As at 31st March, 2017	As at 31st March, 2016
i. Contingent Liabilities		
a. Bills Discounted under Letters of Credit and outstanding	7,42,92,114	4,74,09,477
b. Claims against the Company not acknowledged as debt	32,51,085	33,12,752
c. Disputed Tax matters under appeal:		
- Income Tax Demand	-	10,26,790
- Entry Tax Liability	36,46,086	27,87,849
- Purchase Tax	22,04,383	22,04,383
- Service Tax	2,95,722	2,95,722
- VAT demand	1,96,034	-
ii. Commitments		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	37,67,89,697	1,50,000
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.	-	20,65,69,870

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, 2017 amounting to ₹5,52,16,942 (Previous Year ₹10,96,85,947).

Un-hedged Foreign Currency exposure that are not hedged by derivative instruments or forward contracts as at 31st March, 2017 amounting to ₹16,61,25,857 (Previous Year ₹14,61,62,871).

Note 40: Dues to Micro, Small and Medium Enterprises

There are no dues to Micro, Small and Medium Enterprises as at 31st March, 2017 (Previous year Nil). The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on the information available with the Company.

Note 41: Proposed Dividend

Amount in ₹

Particulars	2016-17	2015-16
The final dividend proposed for the year is as follows:		
On Equity Share of ₹10/- each		
Amount of Dividend proposed	2,30,12,252	2,30,12,252
Dividend per Equity Share	1.20	1.20

Notes to the Financial Statements for the year ended 31st March, 2017

Note 42: Dividend Remitted in Foreign Currency

Amount in ₹

Particulars	2016-17	2015-16
Dividend paid to non resident shareholders:		
i) One Shareholder having 29,75,877 Equity Shares (Previous Year 27,25,877)	35,71,052	32,71,052
ii) One Shareholder having Nil (Previous Year 31,07,500) Preference Shares	-	3,10,57,973

Note 43: Disclosure On Specified Bank Notes (SBNs)

In terms of MCA Notification no. G.S.R. 308(E) dated 30th March, 2017, the details of Specified Bank Notes (SBNs) and other Notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided below:

Amount in ₹

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on 8.11.2016	13,15,000	14,90,845	28,05,845
(+) Permitted receipts	-	34,69,744	34,69,744
(-) Permitted payments	3,69,000	31,26,510	34,95,510
(-) Amount deposited in Banks	9,46,000	-	9,46,000
Closing cash in hand as on 30.12.2016	-	18,34,079	18,34,079

* for the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

Note 44: Previous Year figures has been reclassified to conform to this year's classification.

In terms of our annexed report of even date

For **MEHROTRA RAKESH KUMAR & CO**.
Chartered Accountants
(Firm Registration No. 002978C)

Deepak Seth
Partner
Membership No. 073081

Place : Kanpur
Dated: 22nd May, 2017

For and on behalf of the Board

Sharad Sharma
Joint Managing Director

Bharat Kumar Sajnani
Company Secretary

Shyam Sunder Sharmma
Chairman and Managing Director

Gopal Agarwal
Chief Financial Officer

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Disclaimer

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep 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.

Corporate Information

Board of Directors

Shri Shyam Sunder Sharmma	Chairman and Managing Director
Shri Vishnu Dutt Khandelwal	Executive Vice Chairman
Shri Sharad Sharma	Joint Managing Director
Shri Rajesh Sharma	Executive Director
Shri Gopal Singh Shekhavat	Director (Administration)
Shri Surendra Kumar Kabra	Independent Director
Shri Pradeep Kumar Goenka	Independent Director
Shri Vishwa Nath Chandak	Independent Director
Shri Anoop Gupta	Independent Director
Shri Abhilash Lal	Independent Director
Shri Narayanan Subramaniam	Independent Director
Smt. Seema Sharma	Non-Executive Director

Chief Financial Officer

Shri Gopal Agarwal

Company Secretary

Shri Bharat Kumar Sajnani

Auditors

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

Bankers

State Bank of India
Bank of Baroda
HDFC Bank
Yes Bank Limited
Bank of India

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 : gesl@ganeshaecosphere.com
Tel: +91-9198708383

Works

1. **Kanpur Unit**
   Raipur, (Rania), Kalpi Road,
   Distt. Kanpur Dehat, Uttar Pradesh
2. **Rudrapur Unit**
   Plot No. 6, Sector -2,
   Integrated Industrial Estate,
   Pantnagar, Uttarakhand.
3. **Bilaspur Units**
   a. Khata No. 96 and 97,
      Arazi Village Kotha, Ali Nagar,
      Pargana and Tehsil Bilaspur,
      Distt. Rampur, Uttar Pradesh.
   b. Gata No. 112, Village Temra,
      Tehsil Bilaspur,
      Distt. Rampur (U.P.)

Website

www.ganeshaecosphere.com



Ganesha Ecosphere Ltd.

113/216-B, Swaroop Nagar,
Kanpur-208002, Uttar Pradesh

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