



GANESHA ECOSPHERE LIMITED

GESL/2020-21

August 31, 2020

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 for the FY-2019-20 along with Notice of 31st Annual General Meeting

Dear Sir/ Ma'am,

Pursuant to Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the Annual Report for the Financial Year 2019-20 along with the Notice of 31st Annual General Meeting of the Company scheduled to be held on Tuesday, September 22, 2020 at 9:30 A.M. to transact the business as set out in the Notice.

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 LIMITED

CIN: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304
 E-mail: secretarial@ganeshaecosphere.com, Website: www.ganeshaecosphere.com
 Tel. No. 0512- 2555505-06, +91-9198708383, Fax No. 0512-2555293

NOTICE

NOTICE is hereby given that the **THIRTY-FIRST ANNUAL GENERAL MEETING** of the Members of **GANESHA ECOSPHERE LIMITED** will be held on **Tuesday, the 22nd day of September, 2020 at 9:30 A.M.** at the Registered Office of the Company at **Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 and the Report of the Auditors thereon.
2. To declare Dividend on Equity Shares for financial year ended on 31st March, 2020.
3. To resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Smt. Seema Sharma (DIN: 07466530), who retires by rotation and does not seek re-appointment.

SPECIAL BUSINESS:

4. To appoint Smt. Shobha Chaturvedi (DIN: 08553800), as an Independent Director of the Company and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable

provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended, Smt. Shobha Chaturvedi (DIN: 08553800), who was appointed as an Additional (Non-Executive Independent) Director of the Company w.e.f. 5th September, 2019, by the Board of Directors of the Company on the recommendation of Nomination and Remuneration Committee, pursuant to Section 161(1) of the Companies Act, 2013 and Article 90 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and being eligible for appointment, submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and in respect of whom the Company has received notice in writing under Section 160(1) of the Act, from a member proposing her candidature for the office of an Independent Director, be and is hereby appointed as a Non- Executive Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years upto the conclusion of 35th Annual General Meeting of the Company to be held in the calendar year 2024."

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

5. To ratify the remuneration of the Cost Auditors in respect of Company's product 'Yarn', for the financial year ending 31st March, 2021 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. R. M. Bansal & Co., Cost Accountants, having Firm Registration No. 000022 appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the Cost Records of the Company in respect of its product 'Yarn' for the financial year ending 31st March, 2021 amounting to ₹50,000/- (Rupees Fifty Thousand only), plus taxes as applicable and re-imbursalment of actual travel/ conveyance and out-of-pocket expenses incurred in connection with the aforesaid audit, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

6. To ratify the remuneration of the Cost Auditors in respect of Company's product 'Recycled Polyester Staple Fibre', for the financial year ending 31st March, 2021 and in this regard, to consider and, if thought fit, to pass, with

or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Rakesh Misra & Co., Cost Accountants, having Firm Registration No. 000249 appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the Cost Records of the Company in respect of its product 'Recycled Polyester Staple Fibre' for the financial year ending 31st March, 2021 amounting to ₹50,000/- (Rupees Fifty Thousand only), plus taxes as applicable and re-imbursalment of actual travel/ conveyance and out-of-pocket expenses incurred in connection with the aforesaid audit, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

Date: 31st August, 2020

By Order of the Board

Registered Office:
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat- 209304

(Bharat Kumar Sajjani)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy in order to be effective must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send scanned copy (PDF/JPG Format) of a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend and vote on their behalf at the Meeting. The said resolution be sent to the Company at secretarial@ganeshaecosphere.com with a copy marked to admin@skylinerta.com.
4. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business under Item Nos. 4 to 6 as set out above is annexed hereto.
6. The Register of Members and Share Transfer books of the Company shall remain closed from **Wednesday, 16th September, 2020 to Tuesday, 22nd September, 2020** (both days inclusive).
7. In compliance with MCA General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 17/2020 dated 13th April, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 and owing to the difficulties involved in dispatch of physical copies, the Annual Report for F.Y. 2019-20 comprising of Financial Statements (including Board's Report, Auditors' report or other documents required to be attached therewith) and Notice of 31st Annual General Meeting (AGM) are being sent in electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s).
8. The Notice of AGM along with Annual Report for F.Y. 2019-20, is available on the website of the Company at www.ganeshaecosphere.com, on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL at www.evoting.nsdl.com. The physical copies of the aforesaid documents will also be available at the Company's Registered Office as well as Administrative Office for inspection during business hours.
9. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company's Registrar and Share Transfer Agent (RTA), M/s. Skyline Financial Services Private Limited at admin@skylinerta.com. In this regard, Members are requested to submit a signed request letter mentioning the folio no., name of shareholder, address and email id along with a self-attested copy of PAN card.
10. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participant(s).
11. The Dividend on Equity Shares, as recommended by Board of Directors, subject to the provisions of Section 126 of the Companies Act, 2013, if approved by the Members at the Annual General Meeting, will be paid, subject to deduction of Income-Tax at source (TDS) wherever applicable, to those Members:
 - (a) whose names appear as 'Beneficial Owners' as at the end of the business hours on **15th September, 2020** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of Equity Shares held in dematerialised form; and
 - (b) whose names appear on the Company's Register of Members after giving effect to valid share transfer request(s) lodged with the Company / its RTA on or before the close of business hours on **15th September, 2020**, in respect of shares held in physical form.
12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their Residential Status, Category as per the Income-tax Act and PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat

mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to the Company at secretarial@ganeshhaecosphere.com or to its RTA at admin@skylinerta.com by **15th September, 2020**. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to the Company or its RTA at email address mentioned above. The aforesaid declarations and documents need to be submitted by the shareholders latest by **15th September, 2020**. Full details in this regard are available on the website of the Company at <http://ganeshhaecosphere.com/latest-information/>

13. Pursuant to the Listing Regulations read with SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, the Company is required to obtain the copy of PAN Card and Bank details from all the shareholders holding shares in physical form. Accordingly, in order to receive the dividend in a timely manner, members holding shares in physical form, who have not updated their Bank details for receiving the dividends, are requested to give their mandate for receiving dividend directly in their bank accounts by sending scanned copy of a duly signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) along-with the following documents at admin@skylinerta.com by **15th September, 2020**:

- a) Self-attested copy of PAN Card of all the holders;
- b) Original cancelled cheque leaf with name of member and 11 digit IFS Code printed on it (if name is not printed, a copy of Bank Passbook/ Statement bearing name, duly attested by the Bank); and
- c) Self-attested copy of address proof (viz. aadhaar, voter-id, passport, driving license, any utility bill not older than 2 months).

Further, to support "Green Initiative", members are requested to provide their Email ID for service of documents through electronic mode in future.

14. Members holding shares in dematerialized form may

please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion in such bank details. Accordingly, such Members are requested to update their Electronic Bank Mandate with their respective Depository Participant(s).

15. The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrants/ demand drafts to such Members, upon normalization of postal services.
16. Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Share Transfer Agents, M/s. Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.
17. The Equity Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned ISIN INE845D01014.

In accordance with the proviso to Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from 1st April, 2019, transfer of shares of the Company shall not be processed (except in the cases of transmission or transposition of shares) unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions. The procedure for dematerialisation of shares is available at our website: <http://ganeshhaecosphere.com/dematerialisation/>

18. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web-Form No.

IEPF-5 available on www.iepf.gov.in. For details, please refer to our corporate governance report forming part of Annual Report 2019-20.

19. Members holding Shares in electronic form are requested to provide their Client-Id and DP-Id numbers at the Meeting for easy identification.
20. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
21. The separate audited accounts of the subsidiary company are placed on website of the Company at <http://ganeshaecosphere.com/subsidiary/>. The Company will provide physical copies of these documents to any member of the Company who asks for it. These documents are available for inspection at the Registered Office of the Company during business hours on all working days (that is, except Sundays and Public Holidays) upto the date of the Meeting.
22. Relevant documents referred to in the Notice are open for inspection by the members at the registered office of the Company on all working days (that is, except Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will also be available for inspection by members at the Meeting.
23. Members desirous of obtaining any information/clarification concerning the Accounts and operations of the Company may send their query so as to reach the Company at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
24. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Members may submit their request to the Company's Registrar & Share Transfer Agents, M/s. Skyline Financial Services Private Limited, in the prescribed Form SH-13 for nomination and Form SH-14 for cancellation/ variation in nomination already made, as the case may be. The Forms will be sent by the Company/RTA upon such request. Members holding shares in demat mode may contact their respective Depository Participant (DP) for availing this facility.
25. Non- Resident Indian Members are requested to inform immediately:
 - a) Change in their residential status on return to India for permanent settlement.
 - b) Particulars of their bank account maintained in India

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

26. Voting through electronic means:

In terms of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, applicable Secretarial Standards and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing its members the facility to exercise votes by electronic means (remote e-voting) in respect of any or all of the resolutions contained in this notice and the business may be transacted through remote e-voting services. Necessary arrangements have been made by the Company with NSDL to facilitate remote e-voting. Remote E-voting is optional and members shall have the option to vote either through remote e-voting or in person at the Annual General Meeting. Members are requested to carefully read the instructions for remote e-voting before casting their vote.

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

Commencement of remote e-voting: From 10:00 A.M. on 19th September, 2020

End of remote e-voting: Up to 5:00 P.M. on 21st September, 2020

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by NSDL upon expiry of aforesaid period.

The Cut-off date for the purpose of remote e-voting and voting at the Annual General Meeting is Tuesday, 15th September, 2020.

Instructions relating to remote e-voting are as under:

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12***** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned at Note Nos. 9 & 10 of the Notice for registering your email address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, click on the "Login" button.

9. Then the Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Ganesha Ecosphere Limited.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on any resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders/ Corporate Members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sk_gupta1@rediffmail.com with a copy marked to evoting@nsdl.co.in
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
 3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
- Other Instructions:**
- i. Shareholder can also update his/her mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - ii. The facility of voting through ballot paper shall also be made available at the Meeting. Members attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper.
- Members who have cast their vote by remote e-voting prior to the Meeting, may also attend the Meeting, but shall not be entitled to cast their vote again. Once a vote on a resolution is cast by the Member, the member shall not be allowed to change it subsequently or cast vote again.
- iii. The voting rights of the shareholders (for voting through remote e-voting or by ballot paper at the Meeting) shall be in proportion to their shares of the paid-up equity share capital of the Company as on 15th September, 2020 (i.e. the "Cut-Off Date").
 - iv. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the Annual General Meeting. Any person who is not a member as on the cut-off date should treat this Notice for information only.
 - v. Any person, who acquires shares of the Company and become member of the Company after **28th August, 2020** i.e. BENPOS date considered for dispatch of the notice and holding shares as on the cut-off date i.e. 15th September, 2020, may obtain the login Id and password by sending a request at evoting@nsdl.co.in.
 - vi. Mr. S. K. Gupta, Practising Company Secretary (Fellow Membership No. 2589 and Certificate of Practice No.-1920) has been appointed as the Scrutinizer and Ms. Divya Saxena (Fellow Membership No. 5639 and Certificate of Practice No.-5352) as the Alternate Scrutinizer, to scrutinize the remote e-voting process and voting through Ballot paper (Polling) at the Meeting, in a fair and transparent manner and the Scrutinizer and the Alternate Scrutinizer have given their consent for appointment.
 - vii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of "Ballot Paper/Polling Paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
 - viii. The Scrutinizer shall after the conclusion of voting at the annual general meeting, will scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairman or any other person authorized by him. The result declared along with the consolidated

Scrutinizer's Report will be placed on the website of the Company: www.ganeshaecosphere.com and on the website of NSDL at www.evoting.nsdl.com. The result will simultaneously be communicated to the stock exchanges.

27. As required under Listing Regulations and Secretarial Standards-2 on General Meetings, the relevant details in respect of director seeking appointment under Item No. 4 of this Notice is as below:

BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT

| | |
|---|---|
| Name | Smt. Shobha Chaturvedi (DIN: 08553800) |
| Date of Birth | 8th July, 1956 |
| Date of first appointment on the Board | 5th September, 2019 |
| Qualification | M. Sc. (Chemistry) and Ph.D. (Pollution Abatement) |
| Experience and Expertise in specific functional area | Retired from the post of Regional Officer, UP Pollution Control Board after having put in more than 28 years of service |
| Terms & Conditions of appointment | As per Company's Policy on Nomination, Remuneration and Board Diversity |
| Remuneration last drawn | As mentioned in the Corporate Governance Report (forming part of Annual Report 2019-20) |
| Other Directorships | INSPECTORATE ARMA PRIVATE LIMITED |
| Chairman/ Member of Committee of the Board of other Companies of which he/she is a Director | NIL |
| Shareholding in Ganesha Ecosphere Ltd. | NIL |
| Relationship with other Directors and KMPs of the Company | NIL |
| No. of Board Meetings attended during the financial year 2019-20 | 3 (for details please refer to the Corporate Governance Report, forming part of Annual Report 2019-20) |

Annexure To Notice

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**ITEM NO. 4:**

With a view to broad base the Board and to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to composition of Board and appointment of independent woman director, the Board at its Meeting held on 5th September, 2019, on the recommendations of the Nomination and Remuneration Committee, inducted Smt. Shobha Chaturvedi as an Additional (Non- Executive Independent) Director of the Company for a term of 5 (five) consecutive years w.e.f. 5th September, 2019, subject to the approval of shareholders of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Smt. Shobha Chaturvedi shall hold office upto the date of ensuing Annual General Meeting and is eligible to be re-appointed as independent director of the Company.

The Company has received notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Smt. Shobha Chaturvedi as an Independent Director of the Company.

Smt. Shobha Chaturvedi, aged 64 years, is Ph.D. in Pollution Abatement from H.B.T.I., Kanpur and in 2016 retired from the post of Regional Officer, UP Pollution Control Board after having put in more than 28 years of service. She has functioned in various capacities. She also holds a Master Degree in Chemistry. In compliance with Listing Regulations and Secretarial Standards-2 on General Meetings, the brief resume of Smt. Shobha Chaturvedi is forming part of this notice.

ITEM NOS. 5 & 6:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the cost auditors to conduct the audit of the cost records of the Company's products 'Yarn' and 'Recycled Polyester Staple Fibre', for the financial year ending 31st March, 2021 as per the following details:

| Name of the Cost Auditor | Product | Audit fees (₹) |
|--------------------------|---------------------------------|---|
| M/s. R.M. Bansal & Co. | Yarn | ₹50,000/- (Rupees Fifty Thousand only) plus taxes as applicable and reimbursement of travel/ conveyance and out-of-pocket expenses incurred in connection with the Audit. |
| M/s. Rakesh Misra & Co. | Recycled Polyester Staple Fibre | ₹50,000/- (Rupees Fifty Thousand only) plus taxes as applicable and reimbursement of travel/ conveyance and out-of-pocket expenses incurred in connection with the Audit. |

Smt. Shobha Chaturvedi has given her consent to act as Director and confirmed that she is not disqualified from being appointed as Director under Section 164 of the Companies Act, 2013 and she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 16(1) (b) of the Listing Regulations.

The Board considers that her association as Independent Director would be of immense benefit to the Company. In the opinion of the Board, Smt. Shobha Chaturvedi fulfils the conditions specified under the Act, rules made thereunder and the Listing Regulations for her appointment as an Independent Director of the Company and is independent of the management.

A copy of the draft Letter of Appointment for Independent Director is available for inspection at the Registered Office of the Company during business hours on any working day till the date of AGM.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

Except Smt. Shobha Chaturvedi, none of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 4 of the Notice.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the shareholders is sought for passing Ordinary Resolutions as set out at Item Nos. 5 & 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

The Board recommends the Ordinary Resolutions set out at Item Nos. 5 & 6 of the Notice for approval by the shareholders.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolutions set out at Item Nos. 5 & 6 of the Notice.

Date: 31st August, 2020

By Order of the Board

Registered Office:
Raipur, (Rania), Kalpi Road,
Distt. Kanpur Dehat- 209304

(Bharat Kumar Sajnani)
Company Secretary



GANESHA ECOSPHERE LIMITED

CIN: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304
E-mail: secretarial@ganeshaecosphere.com, Website: www.ganeshaecosphere.com
Tel. No. 0512- 2555505-06, +91-9198708383, Fax No. 0512-2555293

ATTENDANCE SLIP

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

NAME AND ADDRESS OF THE SHAREHOLDER(S)

.....

Folio No. DP ID No.*

Client ID No.* No. of Shares held:

I hereby record my presence at the 31st Annual General Meeting of the Company on Tuesday, 22nd September, 2020 at 9:30 A.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.

.....

SIGNATURE OF THE SHAREHOLDER/PROXY**

* Applicable for members holding Shares in Electronic form.

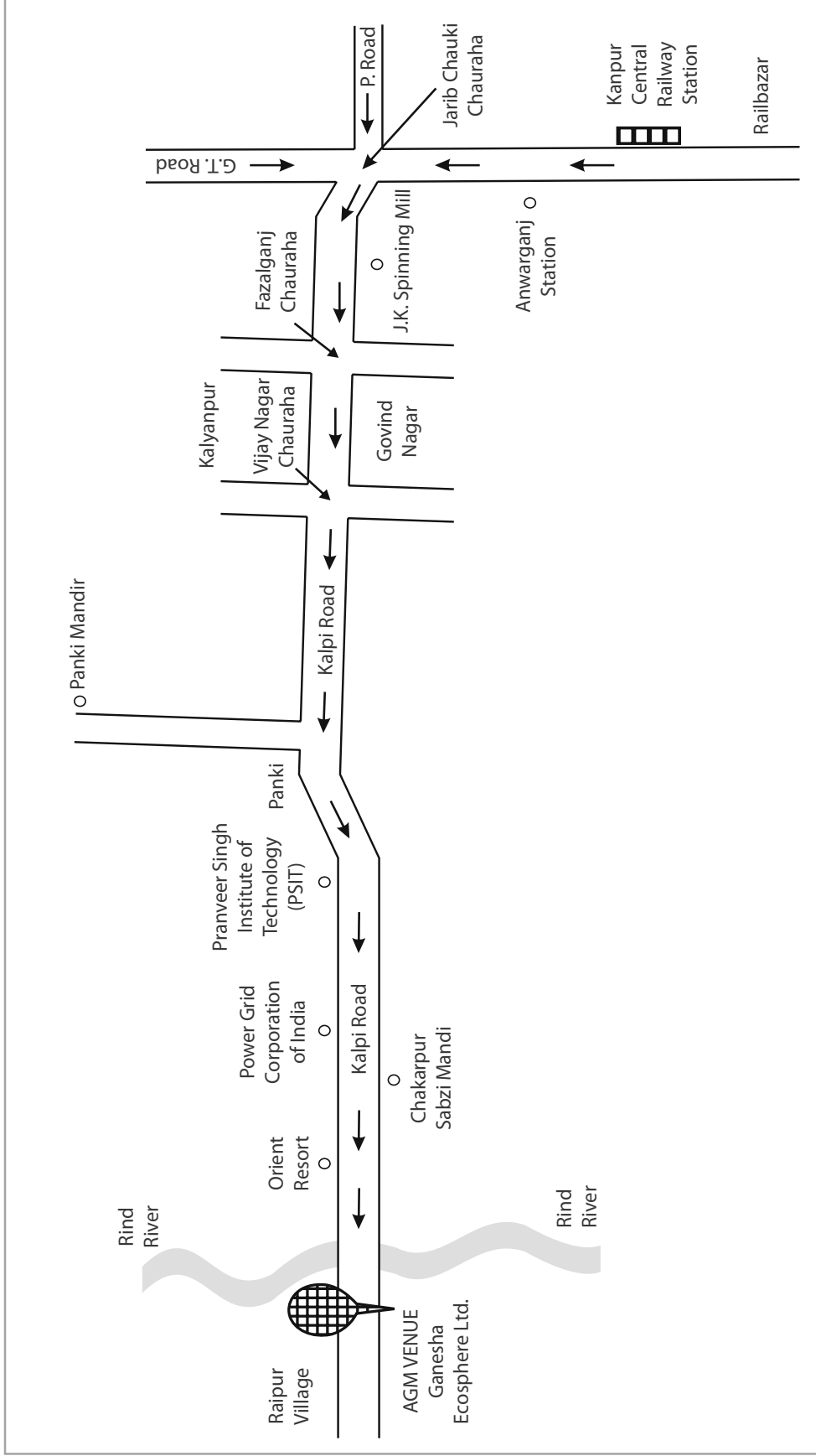
** Strike out whichever is not applicable.



ROUTE MAP

Ganesha Ecosphere Ltd.

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





GANESHA ECOSPHERE LIMITED

CIN: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304
E-mail: secretarial@ganeshaecosphere.com, Website: www.ganeshaecosphere.com
Tel. No. 0512- 2555505-06, +91-9198708383, Fax No. 0512-2555293

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Tuesday, 22nd September, 2020 at 9:30 A.M. at the Registered Office of the Company at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat, or at any adjournment thereof in respect of such resolution(s) as are indicated below:



| Resolution No. | Resolutions | Vote | |
|----------------|--|------|---------|
| | | For | Against |
| 1. | a) Adoption of Audited Standalone Financial Statements for the year ended 31st March, 2020. b) Adoption of Audited Consolidated Financial Statements for the year ended 31st March, 2020. | | |
| 2. | Declaration of Dividend on Equity Shares for the year ended 31st March, 2020. | | |
| 3. | Resolving not to fill the vacancy caused by the retirement of Smt. Seema Sharma (DIN: 07466530), who retires by rotation and does not seek reappointment. | | |
| 4. | Appointment of Smt. Shobha Chaturvedi (DIN: 08553800), as an Independent Director of the Company. | | |
| 5. | Ratification of the remuneration of the Cost Auditors in respect of Company's product 'Yarn', for the financial year ending 31st March, 2021. | | |
| 6. | Ratification of the remuneration of the Cost Auditors in respect of Company's product 'Recycled Polyester Staple Fibre', for the financial year ending 31st March, 2021. | | |

Signed thisday of.....2020.

Signature of shareholder

Signature of Proxy holder(s).....

* Applicable for members holding shares in Electronic form.



Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of members not exceeding fifty in number and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. A proxy need not be a member of the Company.
4. It is optional for the member to indicate preference of Votes in the proxy form. If the member leaves the 'for' or 'against' column blank against any or all resolutions, the proxy will be entitled to vote in the manner as he/ she may deem appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/ she so wishes.
6. In the case of joint holders, the signatures of anyone holder will be sufficient, but names of all the joint holders should be stated.



Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically issue contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried to identify such statements wherever possible by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or underlying assumptions prove to be inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Agile

The success of a company is dependent on its ability to adapt with speed to unforeseen changes.

Ganesha Ecosphere invested in a responsive business model that transformed in response to emerging realities and challenges.

This was evident in the Company's performance for 2019-20.

Even as the Company's revenues declined 12.95%, EBIDTA declined by 10.68% but PAT grew 3.11%.

Validating one of our overarching attitude.

Agility.



Ganesh Ecosphere.
**One of India's largest value-added
RPSF manufacturer.**

**With a wide range of product
portfolio, servicing the diverse needs
of customers across the world.**



Vision

To become a global corporate citizen committed to recycling every PET bottle, which is thrown into waste with world-class recycling facilities and to create wealth for stakeholders by conducting business around social and environmental concerns.

Mission

- To be a high-performance organisation by making the best use of resources and empowering people
- To be the preferred choice of our customers by providing world-class customer service
- To maintain a high level of service in our products through innovative research and technology development in our processes, products and applications
- To build relationships with stakeholders based on trust, transparency and ethical business conduct

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

Listing

The Company is listed on the National Stock Exchange (scrip code: GANECOS) and Bombay Stock Exchange (scrip code: 514167) and traded actively. The Company's market capitalisation was ₹358.88 crore as on 31st March, 2020. As of 31st March, 2020, the promoters held 40.36% and the public 59.64% [comprising institutional holding of 15.72% and non-institutional holding of 43.92% of the Company's equity shares.

Certifications

- ISO 9001:2015
- OEKO-TEX Standard 100, Product Class 1 certification from Hohenstein Textile Testing Institute (Germany)
- ISO 14001:2015
- Global Recycle Standard from Control Union Certifications, OHSAS 18001:2007

Products

Regenerated Polyester Staple Fibre (RPSF)

Easily washed; quick drying; resists wrinkles, mildew and general surface damage; holds creases and pleats.

| Description | Application | Industry |
|-------------------|---------------------------------------|---------------------------------|
| Solid fibre | Spinning, non-woven | Textile and non-woven |
| Dope dyed fibre | | |
| Hollow/Conjugated | Stuffing in toys, pillows etc. | Home furnishing |
| Fire retardant | Industrial fabric | Technical textile |
| Short-cut fibre | Blending with other fibres/ materials | Textile, paper and construction |
| Micro fibre | Fine fabric | Textile |
| Trilobal fibre | Special effect | Textile |

Dyed texturised yarn

*Created by taking one polyester filament, grouping them, twisting or air entangling them

*Applications in sarees, dress material and various rope and cord kinds

| Description | Application | Industry |
|--------------|--------------------------------------|--------------------|
| Mélange | Body warmers | Knitting |
| Single yarn | Dress materials | Clothing, knitting |
| Doubled yarn | Suiting, shirting, furnishing fabric | hosiery |

101

(%) Capacity utilisation in 2019-20

2723

Employee strength as on 31st March, 2020

20+

Countries exported to in 2019-20

13.43

(%) EBIDTA margin in 2019-20

~6.51

(billion) PET bottles recycled as on 31st March, 2020

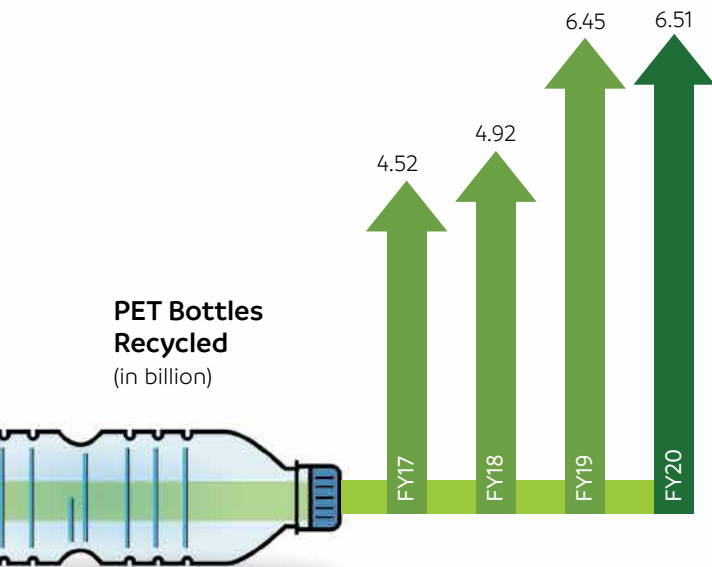
7.20

(%) PAT margin in 2019-20

Chairman's overview



SHYAM SUNDER SHARMMA
Chairman



FY 2019-20 was not a straight ride.

The global business environment was marked by trade disputes, geo-political tensions, slowing GDP growth and the outbreak of the COVID-19 pandemic, which brought everything to a halt during the last quarter of the last financial year.

Due to these challenges, the textile sector faced headwinds in the form of a demand slowdown and sliding realisations. The turnover of your Company declined by 12.95% from FY 2018-19 due to weaker realisations. However, it was a credit to the Company that it protected its profitability, which grew 3.1% over the previous year. The profitable divergence indicates the intrinsic robustness of our business model across market cycles.

Key challenges and counter measures

The financial year 2019-20 witnessed a sharp decline in crude oil prices resulting in the prices of virgin polyester fibre declined sharply as well, reducing the competitiveness of recycled fibre. The price of virgin polyester fibre is related with crude oil prices. The extent of decline and the abruptness could have tested the viability of any company.

I am pleased to report that your Company responded with speed to the new reality. Your Company deepened its focus on value-added products where the demand was less erratic and products enjoyed superior returns.

The import of washed PET flakes was restricted by the Government, which increased raw material cost and impacted the availability of raw material. We countered this reality by increasing our domestic sourcing as well as process debottlenecking that helped to maintain production at the same level as in the previous year despite some production loss during the lock-down in March 2020.

Besides, your Company had commissioned a 5 MW solar power plant in the middle of FY 2018-19, which made a full year's contribution in power cost savings. Your Company generated 6 million kWh solar power during FY 2020 as against 2.8 million kWh during FY 2019, moderating costs and enhancing environment responsibility.

Your Company continued to deleverage its Balance Sheet during the year under review, reducing total borrowings by ₹12.24 crore.

The complement of these realities helped in enhancing our buffer against external realities largely outside our control.

Optimism

At Ganesha Ecosphere, we continue to remain optimistic that we are located in the right country in the right business and at the right time.

India continues to remain the youngest country by average age, a demographic reality that will sustain. We expect that the various relief packages announced by the Government of India will restore the country's economic momentum. A progression towards a US\$ 5 billion economy across the decade should enhance disposable incomes and FMCG product offtake, strengthening the availability of our principal raw material (PET) on the one hand and strengthening the consumption of recycled products on the other.

The pandemic has inspired deeper scrutiny of environmental health and packaging standards. The result is that recycling has acquired a center-stage position, strengthening the perception that a cleaner world will inevitably strengthen collective immunities and well-being. There has been a growing traction for recycling PET bottles.

We are optimistic our prospects for a number of reasons: a rich experience of more than two decades,

scale and economies of operations, manufacturing efficiency, repeat engagement with a diversified client base and an uninterrupted pipeline access to raw materials from an established and organised supplier network. The commissioning of our new facility in South India will widen our offerings and reinforce our position as a single-stop destination.

We are grateful to our investors who continue to stay invested. We declared a dividend of ₹2/- per equity share to reward our shareholders and we expect that we will continue to sustain this pay out across the foreseeable future.

How GESL responded with agility in 2020-21

- The first quarter was impacted by the lockdown during COVID-19
- Gradually strengthened capacity utilisation in line with downstream sectoral demand
- Optimised costs
- Enhanced revenue share from value-added products

*Widened global footprint

Global brands are committed to the increasing use of recycled polyester fibre/yarn



UNIFI

Commissioned a Reprive-dedicated bottle processing center, a US\$ 28 million investment. In 2018, partnered with the Mercedes Benz Stadium, Georgia Aquarium and Atlanta International Airport to recycle bottles. With 60,000 plastic bottles collected, Unifi was able to make 10,000 volunteer jackets.

HAMILTON PERKINS COLLECTION

Makes bags with 100% recycled from plastic bottles.

G-STAR RAW

Dedicated to producing a line of denim products made partially from recovered ocean plastics.



ZARA

Announced that all its collections will be made from 100% sustainable fabrics before 2025.

ALLBIRDS

Respected for making footwear from 100% recycled materials, including sheep's wool, recycled cardboard, plastic and castor bean oil.

ROTHY'S

Recycled more than 12 million water bottles, using recycled plastic to make fashionable shoes.

JOCKEY

Each Eco•Comfort™ style made uses at least one recycled plastic bottle.

PUMA

Uses recycled polyester and plastic bottles to make footwear and clothing.

KATHMANDU

Now using 100% recycled REPREVE fabric in its popular daypacks.

AEROPSTALE

Eco-friendly jeans made from plastic bottles.

NIKE

Using yarn made from recycled plastic bottles to create soccer kits for the USA men's and women's national soccer teams. Utilised over an estimated 3 billion plastic bottles until now.





MARKS AND SPENCER

Five-year plan to become the world's most sustainable retailer, actively recycling and reusing key materials.



LEVI'S

Re-using polyethylene terephthalate (PET) materials, collected via municipal recycling programmes, in the clothing.

CALVIN KLEIN

CK ONE RECYCLED is a collection of essentials made sustainable by using recycled plastic bottles. Part of the new CK ONE underwear is made from fiber that was derived from discarded plastic bottles.



NEW BALANCE

Entire upper of its new sneaker newSky made from a fiber called Eco-fi, which is 95 post-consumer recycled plastic bottles.

Why are we optimistic about our growth...



GESL, Leading market position among RPSF manufacturers

- GESL India's largest RPSF manufacturer
- The scale generates economies and procurement strength
- Proposed greenfield project to enhance capacity more than 40%
- Enhanced capacity to reinforce market position, portfolio and footprint



Strong operational profile

- A three-decade successful track record
- Repeat business across a stable eco-system (clients and suppliers)
- Increasing capacity utilisation (despite regular capacity addition)



Reputed

- Pan-India presence; 400+ customers
- Presence in global textile hubs
- Supplier to key OEMs (Maruti, Mitsubishi, Hyundai, Target Group USA, etc.)
- Marketing RPSF to 100+ Indian spinning units
- A brand synonymous with credibility, reliability and efficiency



Strong financials

- Cash balance of ₹84.32 Crore as on 31st March, 2020 including current investments
- Debt-equity ratio of 0.19 in 2019-20
- Enhanced liquidity profile
- Substantial under-utilisation of working capital limits
- Long term credit rating of 'A' (stable) and short term credit rating of 'A1' by ICRA



Quality

- Synonymous with credibility, reliability and efficiency
- ISO 9001:2015 certification, ensuring conformance with superior quality norms
- International certifications like Global Recycle Standard (The Control Union Certification) and Oeko-Tex Standard 100, Product Class 1 by The Hohenstein Textile Testing Institute.
- Prestigious Global Recycle Standard certification



Portfolio breadth

- More than 400 product variants including 300+ Colors of recycled fibres and yarns.
- Portfolio comprising hollow, conjugated, trilobal, short cut and coloured fiber
- Used in woven and non-woven segments (technical and non-technical), apparel, hosiery and upholstery

The impact of Covid-19 on the global economy and Ganesha Ecosphere

The outbreak of the pandemic

The COVID-19 pandemic disrupted the global economy and consumer sentiment starting in December 2019. The virus was declared a global pandemic by the World Health Organisation on 11th March, 2020. The Indian government implemented a national lockdown in late March 2020,

which covered the comprehensive closure of offices, factories, transportation and public places.

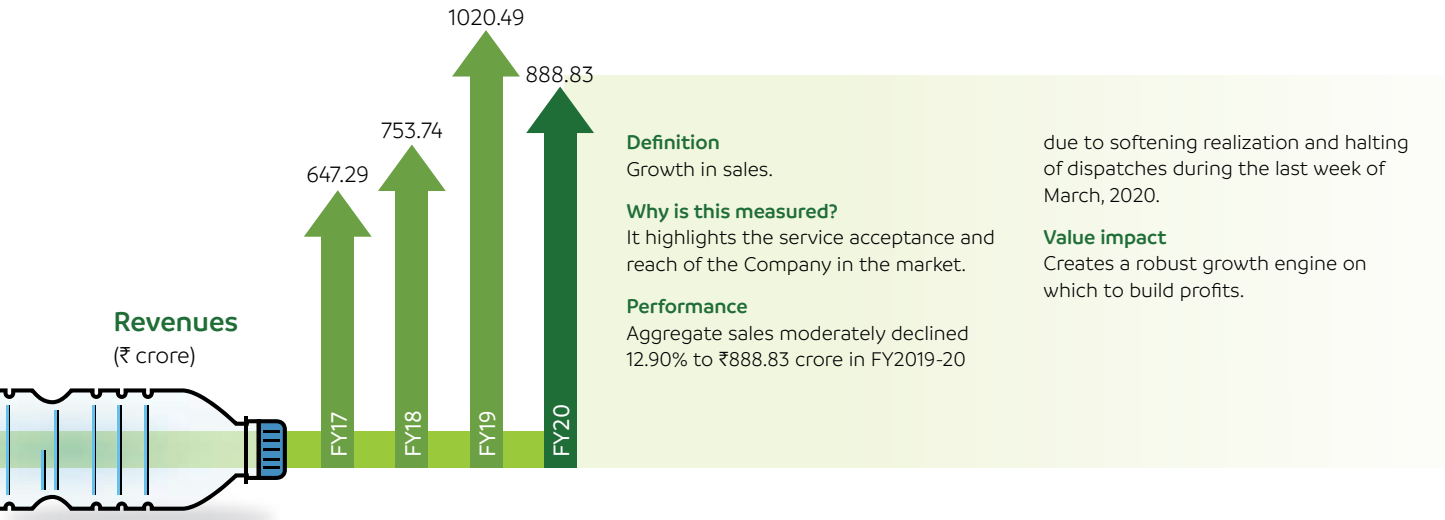
Ganesha Ecosphere's responsiveness

The Company moved with proactive speed. The Company monitored global developments and created SOPs

enhancing safety and hygiene for employees, vendors and customers. The Company leveraged modern digital communication technologies, initiated infrastructure disinfection, followed government directives. The Company's manufacturing units resumed operations from 6th May, 2020 in phased manner.



Our performance in numbers



Definition

Growth in sales.

Why is this measured?

It highlights the service acceptance and reach of the Company in the market.

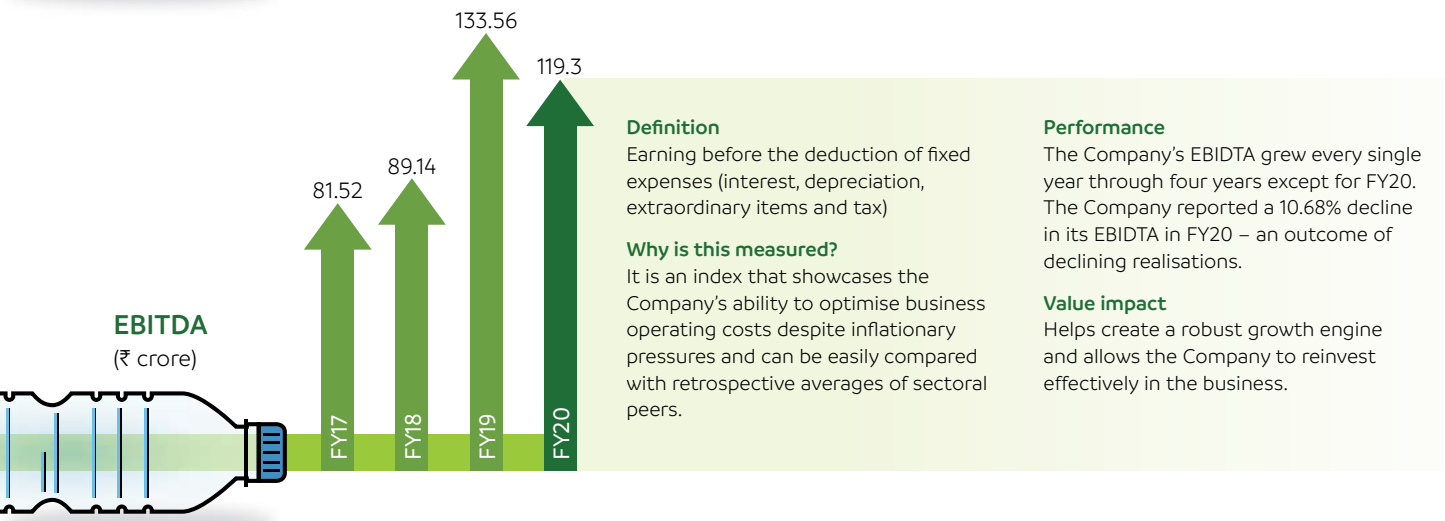
Performance

Aggregate sales moderately declined 12.90% to ₹888.83 crore in FY2019-20

due to softening realization and halting of dispatches during the last week of March, 2020.

Value impact

Creates a robust growth engine on which to build profits.



Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

Why is this measured?

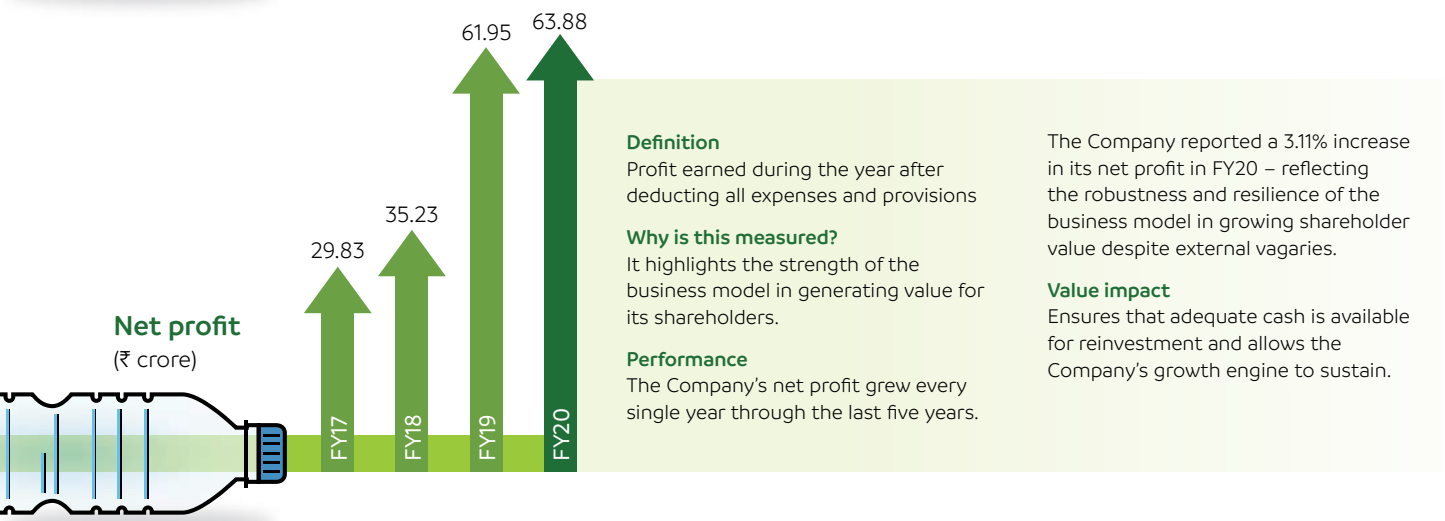
It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and can be easily compared with retrospective averages of sectoral peers.

Performance

The Company's EBITDA grew every single year through four years except for FY20. The Company reported a 10.68% decline in its EBITDA in FY20 – an outcome of declining realisations.

Value impact

Helps create a robust growth engine and allows the Company to reinvest effectively in the business.



Definition

Profit earned during the year after deducting all expenses and provisions

Why is this measured?

It highlights the strength of the business model in generating value for its shareholders.

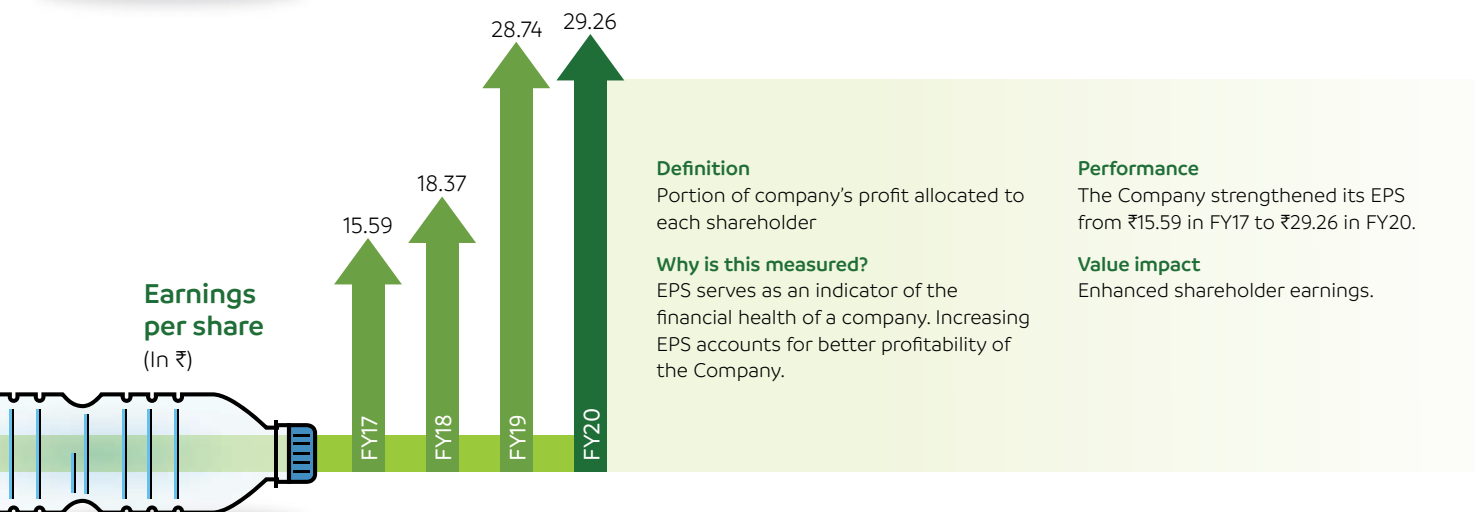
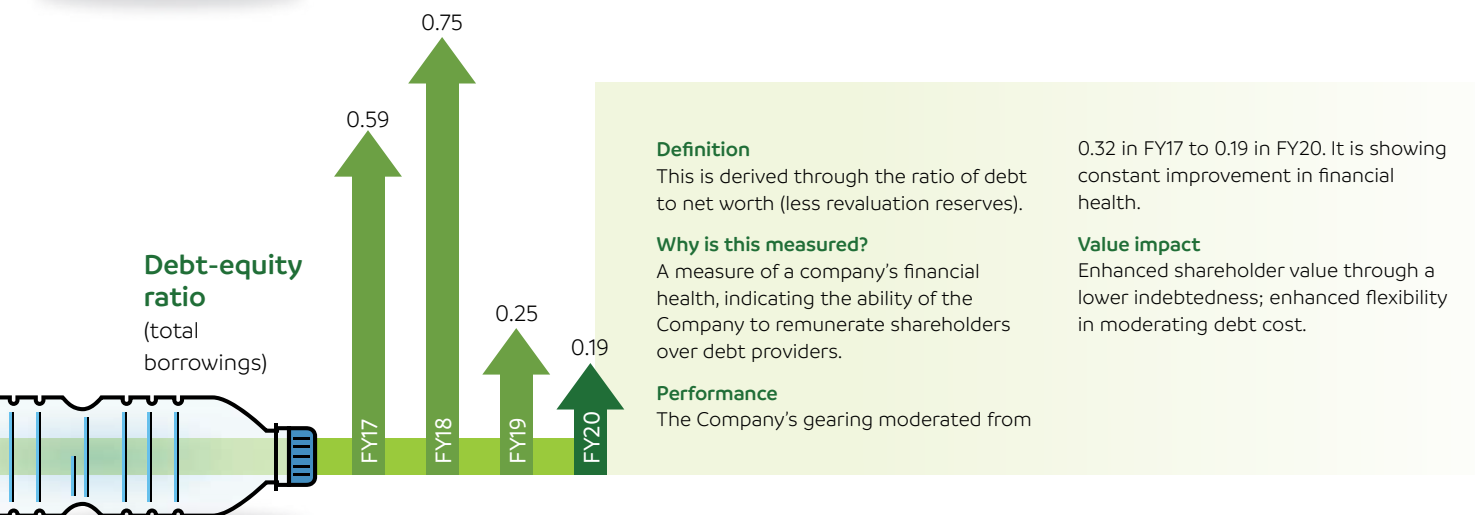
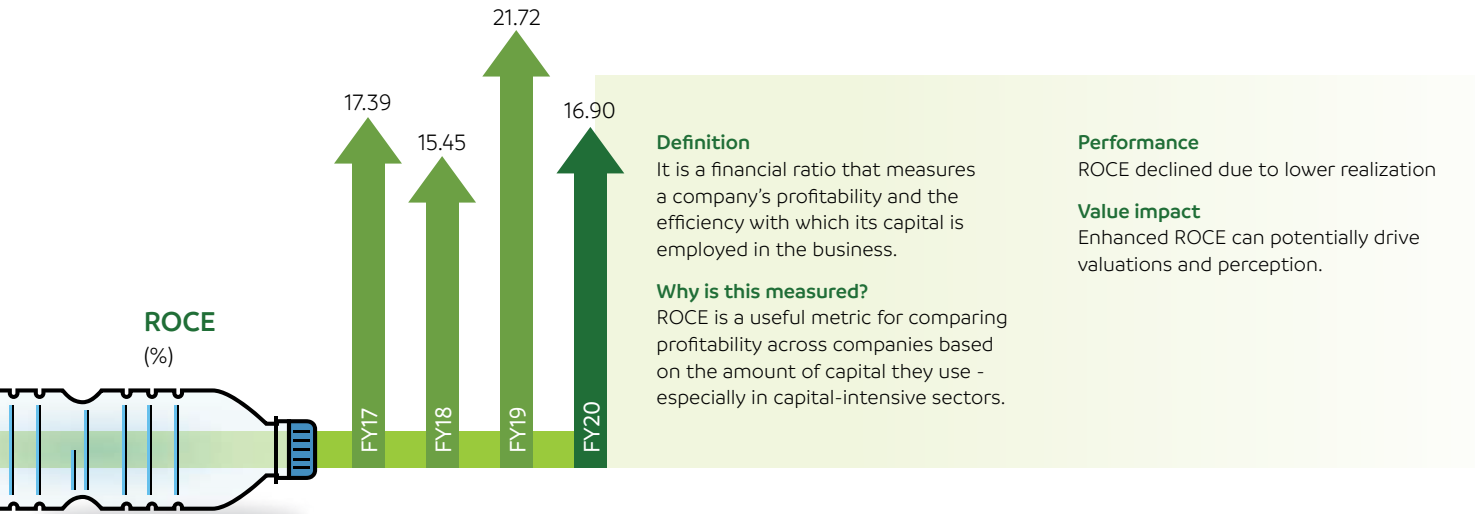
Performance

The Company's net profit grew every single year through the last five years.

The Company reported a 3.11% increase in its net profit in FY20 – reflecting the robustness and resilience of the business model in growing shareholder value despite external vagaries.

Value impact

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to sustain.

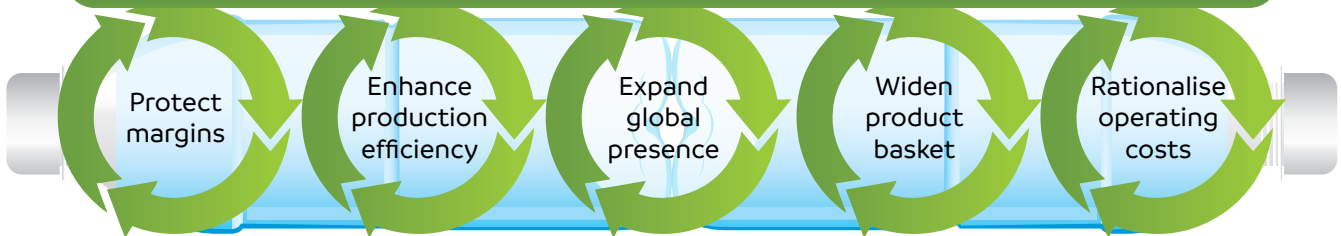


The strengths of Ganesha Ecosphere's business model are derived from its agility

The year 2019-20 was one of the most challenging year for Ganesha Ecosphere

- Crash in crude oil prices weakened fiber realisations
- Overall economic slowdown and sluggishness
- Ban of PET scrap import by India, reducing raw material access
- Overall inflation impacting operating costs

Key objectives of the Company



Key strategic alignment

Production

- Undertaken capacity debottlenecking at the Rudrapur unit, increasing production by 2% of the unit
- Changed metering process and extruders in the production line, enhancing output
- Installed automated spindle monitoring system, strengthening output of spun yarn by 5% with the same manpower
- Invested in best-in-class technology; leading organised player in the recycled fiber category in India

Impact

- Operating cost as a proportion of revenues in 2019-20 stood at 87.42% compared to 87.52% in 2018-19
- Production was marginally higher than 2018-19 despite the loss of production during the last week of March, 20 due to lock-down

Marketing

- Extended export markets
- Attended various international fairs to showcase products and capabilities
- Focused on the non-woven segment in the global market; generated superior realisations; increased the share of non-woven revenues to 25% in 2019-20 from 24% in 2018-19

Impact

- EBIDTA margin at 13.43% in 2019-20 against 13.09% in 2018-19

Product development

- Created a complete range of products from fiber to yarn - a one-stop for customers; among a handful of such players in the world
- Leading recycling company to offer sewing thread; one of the key value-added products offered by the Company
- Introduced hollow conjugated fiber
- Introduced flame-retardant fiber
- Introduced 0.9-1 denier microfibers in the recycling space

Impact

- Revenue from products launched in the past three years reported strong growth



Value creation at GESL

An overview

Revenues

291.3

₹ crore, 2010-11

Revenues

621.95

₹ crore, 2014-15

Revenues

888.83

₹ crore, 2019-20

CAGR



7.40%

Last five years

Profit after tax

18.02

₹ crore, 2010-11

Profit after tax

23.07

₹ crore, 2014-15

Profit after tax

63.88

₹ crore, 2019-20

CAGR



22.64%

Last five years

Market capitalisation

87.76

₹ crore, 31st March, 2011

Market capitalisation

237.02

₹ crore, 31st March, 2015

Market capitalisation

358.88

₹ crore, 31st March, 2020

CAGR



8.65%

Last five years

Strategy in action

At GESL, we transformed our DNA with a singular objective: To enhance value

At GESL, we are pushing every business frontier with the objective to build a stronger company – more focused, better controlled, more liquid, effectively de-risked and with stronger business sustainability.

1

Widening geographic presence

We were once only an India-focused company

- We went beyond India and established our global presence
- We attended trade fairs and displayed our products to reach out to international customers
- We are now present in more than 20+ countries

| | |
|--------------------------|--------------------------|
| Export revenues, 2014-15 | Export revenues, 2019-20 |
| ₹33.97 crore | ₹58.96 crore |

2

We were once a commodity fiber manufacturing company

We were largely manufacturing fibers

- We expanded our offering and range of fibers
- Our range of fibers included hollow, conjugated and trilobal variants, colored fibers, short cut fibres among others
- We introduced yarn from recycled fibers; focused on the non-woven and Technical Textile Segment

| | |
|---|---|
| Share of revenue of value-added products, 2014-15 | Share of revenue of value-added products, 2019-20 |
| 21% | 25% |

4 pillars of our reinvention

Widening geographic presence

Enhancing value-addition share

Rationalising costs

Deleveraging the Balance Sheet

3

Rationalised costs

Operating cost as a proportion of total income was relatively high in 2014-15

- The Company proactively worked on debottlenecking capacities
- Invested in solar power to captively source power
- Automated monitoring system to arrest production 'loss'

| | |
|--|--|
| Operating cost as a proportion of total income | Operating cost as a proportion of total income |
| 89.87% in 2014-15 | 87.42% in 2019-20 |

4

Deleveraged Balance Sheet

We were once a debt-driven company

- The Company proactively repaid the debt in five years
- The Company raised ₹100 crore through a QIP in 2018-19
- During 2019-20, the Company repaid ₹12.22 crore

| | |
|-------------------|-------------------|
| Debt equity ratio | Debt-equity ratio |
| 1.09 in 2014-15 | 0.19 in 2019-20 |

Regional focus



The Company strengthened exports

Product mix



The Company has been consistently enhancing the share of value-added products in the portfolio

Operating cost



The Company moderated operating cost per tonne of production

Liquidity



The Company conserved its cash surplus to invest in additional capacity

Value creation report for Ganesha Ecosphere

Our Stakeholder Value-Creation Report, 2019-20

How we enhanced value in an integrated, inclusive and sustainable way

Overview

The Integrated Value-Creation Report represents the cornerstone of corporate success. This new measure overcomes the limitations of the conventional approach with a more comprehensive framework that captures a wider set of initiatives and addresses a larger family of stakeholders.

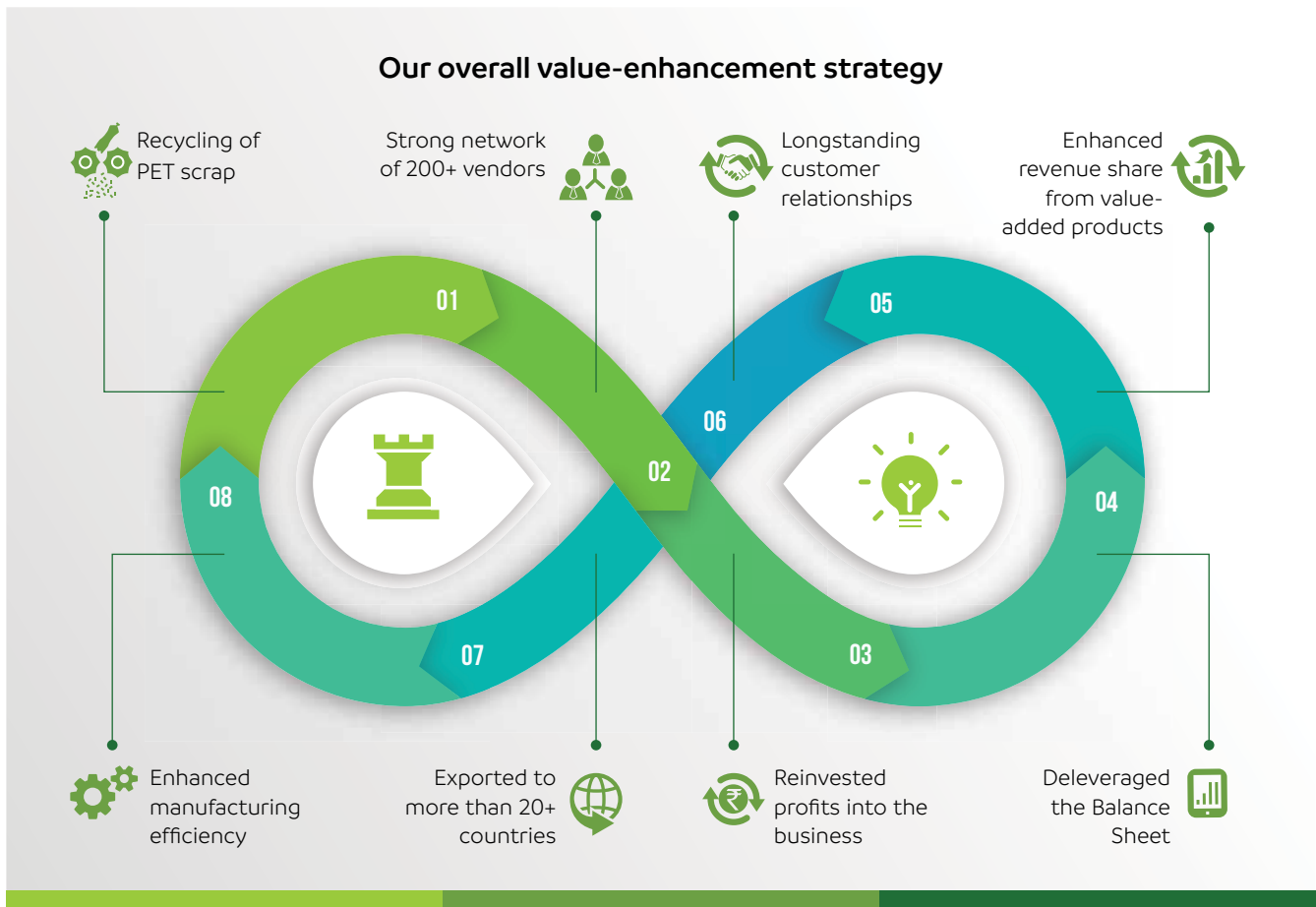
The Integrated Reporting approach

explains the sectoral context, analyses corporate strategy and competitiveness leading to different reporting strands (financial, management commentary, governance, remuneration and sustainability reporting) integrated to express an organisation's holistic ability to enhance value.

Integrated Reporting explains to providers of financial capital how an organisation enhances value. Its impact

extends beyond financial stakeholders; it enhances understanding across all stakeholders - including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers - focused on an organisation's ability to improve value across time. This shift from the 'hard' to 'soft' (non-financial data) helps screen a Company more comprehensively, addressing the growing needs of external stakeholders.

Our overall value-enhancement strategy



Drivers of Ganesha Ecosphere's value

At GESL, we believe that the interplay of value for our various stakeholders has translated into our business profitability and sustainability.

Our employees represent the aggregate knowledge of how to grow the business across a range of functions (procurement, manufacturing, marketing, finance etc.). Our focus is to provide an exciting workplace, generate stable employment and enhance productivity.

Our shareholders provided capital when we went into business. Our focus is to generate free cash, growing RoE

and, in doing, so enhance the value of their holdings.

Our vendors provide credible and continuous supply of resources (PET botte Scrap, colors, chemicals, packing material, spares and services). Our focus is to maximise quality procurement at declining average costs with the objective to widen our markets, strengthening sustainability.

Our customers keep us in business through a consistent purchase of products, generating the financial resources to sustain our operations. Our focus is to sell a larger number of customers as well as generate repeat orders from existing clients on a sustainable basis.

Our communities provide social capital. Our focus is to support and grow communities through consistent engagement. Our business model is built around conserving the environment.

Our governments in the areas of our presence provide us with a stable structural framework that ensures law, order, policies etc. Our focus is to play the role of a responsible citizen, serving as a role model.

At GESL, we believe that the prudent interplay of the value generated by each and our consistent payback ensures business sustainability and the ability to enhance organisational value.

The resources of value-creation

Financial capital

The financial resources that we seek are based on funds we mobilise from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.

Manufactured capital

Our plant and machinery, technologies and equipment for product delivery constitute our manufactured capital.

Human capital

Our management, employees form a part of our workforce, the experience and competence enhancing value.

Intellectual capital

Our focus on cost optimisation and operational excellence and continued introduction of value-added products. As well as our repository of proprietary knowledge account for our intellectual resources.

Natural capital

We depend on nature and have a positive impact on the natural environment as we recycle PET waste which takes hundreds of years to decompose and saves finite resources

Social and relationship capital

Our relationships with communities and partners (vendors, suppliers and customers) influence our role as a responsible corporate citizen.

Environment, society, governance

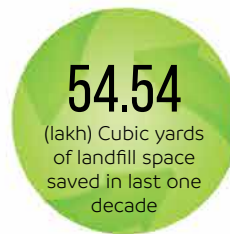
In the modern world, respect is being increasingly derived through a commitment to ESG investment, compliance and disclosures. Besides being a business aimed at reducing the impact of

plastic pollution in the world, the Company invested in a responsible manufacturing process aiming at minimising the impact on the environment. The Company's dedicated environment

management team looks for new technology and processes which help in reducing environmental impact.



Green earnings for the world through our business



Environment

The Company initiated several measures to protect the environment. It comprised energy conservation among a host of other measures.

- The Company had already installed a 5 MW solar rooftop power plant and 3.8 MW is under implementation. The initiative helped in moderating carbon footprint.
- The Company replaced the use of Pet coke with coal as per the government directive of banning the use of Pet coke.
- The Company adopted some ponds for water conservation across villages in the vicinity of its units.
- The Company installed rain Water Harvesting System for water conservation in manufacturing unit.

Society

The Company created an enabling environment for employees and contributed to society. It provided employment opportunities to local populace located near its manufacturing units.

- Engaged in the business of PET waste recycling, PET waste is otherwise harmful for society & the environment.
- Contributed to the Swachh Bharat Mission through its sustainable business model.
- Engaged with the marginalised i.e. rag- pickers and scrap dealers.
- Reach out to ~3000 Families for their help in the Covid-19 Pandemic.
- Installed Solar Street Light work around the villages of its manufacturing units.
- The Company organises Medical Health Camps every year for needy people.

Governance

The Company is committed towards good governance, greater transparency and sustainable value creation for its stakeholders.

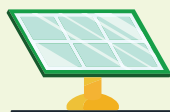
- Dedicated Compliance mechanism in place to ensure the highest standards of governance.
- Robust systems and processes to ensure compliance with applicable laws and other legal standards.
- Mechanism of reporting for breaches of the Code of Conduct.
- Diversified Board with 50% Independent Directors adding to the expertise required for effectively governing the Company in the present trends and directions for the future.
- Efficient capital allocation to enhance business and ensure shareholder growth while taking financial and funding risks into consideration.



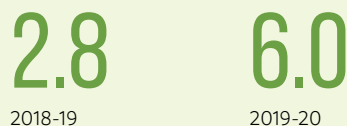
Total CO₂ emitted (tonnes in lakh)



Total Landfill space saved (Cubic Yard in lakh)



Solar Power Generation (in million kWh)





Management Discussion and Analysis

Global economic overview

The global economy grew by 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019,

pulling down the overall economic growth average.

Impact on major economies

United States: The country's Gross Domestic Product grew by 2.3% in 2019 compared to 2.9% in 2018 as a result of a decline in business investments and the ongoing trade war with China.

China: The country's Gross Domestic Product grew by 6.1% in 2019 compared

to 6.6% in 2018 as a result of the trade war with the United States, over capacity in some industries, corporate sector indebtedness and a shrinking room for monetary and fiscal policies.

United Kingdom: The country's Gross Domestic Product grew by 1.4% in 2019 compared to 1.3% in 2018.

India: The Indian economy grew 4.2% in 2019-20 compared with 6.1% in 2018-19.

Global Impact of COVID-19

The 'Great Lockdown', as a result of the pandemic Covid-19, is projected to shrink global growth starting with the calendar year 2020. Its high effects, rising human costs

worldwide and the necessary protection measures are severely impacting economic activity. As a result, the global economy is projected to contract sharply in 2020, worse than during the 2008–

09 financial crisis. The COVID-19 pandemic had a negative impact on activities in the first half of 2020. In 2021, global growth is projected at - 5.8%.

Outlook

The coronavirus pandemic is causing a global recession in 2020 that could be worse than the one triggered by the global financial crisis of 2008-2009.

Indian economic overview

The Indian economy slowed to an 11-year low of 4.2% in 2019-20, compared to 6.1% in 2018-19. The International Monetary Fund slashed its FY21 growth projection for India to 1.9% from 5.8% projected in January.

The coronavirus pandemic came at a time when India's economy was already slowing due to persistent financial sector weaknesses. The severe disruption of economic activities caused by COVID-19, both through demand and supply shocks, has overtaken the incipient recovery in the Indian economy leading to massive job losses.

Retail inflation climbed to a six-

year high of 7.59% in January 2020, breaching the Reserve Bank of India's (RBI) upper band of 6% while settling at 5.91% in March, 2020. The INR came under intensified and sustained depreciation beginning mid-January, reflecting a generalised weakening of emerging market currencies amidst flights to safety.

The Monetary Policy Committee under RBI reduced the policy repo rate to 4.40% from 6.25% in 2018-19 to mitigate the risks arising amidst the deteriorating economic conditions.

The nominal per capita net national income was estimated at ₹135,050 in the financial year 2019-20, up 6.8%

from ₹126,406 in the financial year 2018-19. The Government's fiscal deficit widened to 4.6% against the revised target of 3.8%. [Source: <https://economictimes.indiatimes.com>]

India emerged as the fifth-largest world economy in 2019, overtaking the UK and France with a GDP of US\$ 2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking. The country climbed 79 positions in the past five years and was among the top 10 performers for the third year running. India moved down 10 places to rank 68th on the annual global competitiveness index, largely due to improvements by other economies.

Impact of COVID-19 in India

The outbreak of COVID-19 and the subsequent lockdown are expected to moderate aggregate demand and create economic challenges. Along with some major economies around the world, India was bound to be affected not only because of its domestic slowdown but also because of the international recession. India's estimated gross domestic product (GDP) for the fourth quarter of FY2019-20 fell to 3.1%, reflecting the partial impact of

COVID-19 on the economy.

The intensification of social distancing measures is expected to lead to the supply-side as well as demand-side shocks. Supply chain disruptions could hurt domestic production in sectors dependent on imported inputs like pharmaceuticals, autos, chemicals, power, etc. Disruption to the services sector could affect sectors like transportation, hotels and entertainment – as containment measures limit travel. Fiscal and

monetary stimulus measures undertaken by the Government and Central Bank are expected to provide reasonable support to the economy. Despite linkages with global economies, India's macroeconomic situation remains considerably strong compared to other emerging economies. Falling crude oil prices are expected to favor the Balance of Payments situation. Benign inflation that allows room for monetary easing and comfortable forex reserves levels could add to the economy's resilience.

Growth of India's GDP in 2019-20

| | Q1, FY20 | Q2, FY20 | Q3, FY20 | Q4, FY20 |
|---------------------|----------|----------|----------|----------|
| Real GDP growth (%) | 5.2 | 4.4 | 4.1 | 3.1 |

(Source: Economic Times, CSO, Economic Survey, IMF, RBI, Franklin Templeton)

GESL's response to COVID-19

World Health Organisation declared COVID-19 as a global pandemic in mid-March 2020; consequent to this, the Government of India declared a lockdown on 23rd March, 2020, in compliance with the lockdown instruction issued by the Central/ State Government, and manufacturing operations of the Company were shut for almost 45 days from the 4th week of March

to 6th May, 2020. However, after 6th May, 2020, manufacturing operations and the supply of goods commenced on various dates at all the manufacturing locations of the Company after obtaining permissions from the appropriate government authorities.

GESL supported and cooperated towards all Government initiatives/ directions to combat the escalating COVID-19 situation. Keeping the

well-being of its employees as the top priority, the Company took all health and safety measures.

In light of the statement given by our Prime Minister 'Opportunity in Disaster' and with a rich experience of more than two decades, manufacturing efficiency, economies in the scale of operations and opportunity available in the export market, the Company is confident about overcoming the situation.

Key government initiatives

National infrastructure pipeline:

To achieve a GDP of US\$ 5 trillion by 2025, Government announced National Infrastructure Policy with an investment plan worth ₹102 trillion in five years. [Source: <https://www.livemint.com/>]

Corporate tax relief: The Government moderated corporate tax to 22% from 30% to promote investment, subject to a condition that Companies

did not avail of any incentive or exemptions. To boost the Make-in-India initiative, a new tax rate of 15% was introduced for new domestic manufacturing companies. The new effective CIT was 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the worldwide average statutory CIT of 23.03%. [Source: <https://economictimes.indiatimes.com/>]

Economy relief package: To counter

the challenges arising owing to the COVID-19 outbreak, the Government of India announced a relief package worth ₹20 lakh crore (post-Balance Sheet development).

Outlook of Indian economy

Although the Government has come up with an accommodative fiscal and monetary policy, the lockdown halted economic activities in the first quarter of FY21, expected to contract the economy in 2020-21.

The global PET market overview

The global PET bottle market reached a volume of more than 12.7 million tonnes in 2019, a CAGR of 2.5% during 2012-2019. The market is projected to reach a volume of nearly 14.8 million tonnes by 2025 at a CAGR of 2.6% during 2020-2025.

The food & beverages segment is expected to register the highest revenue share in the global PET packaging market, owing to the rising adoption of packaged food

and ready-to-eat food products. The food & beverages segment revenue is anticipated to register the fastest CAGR.

The Asia-Pacific market is projected to account for a high revenue share in the global PET packaging market. Moreover, the Asia-Pacific market is anticipated to register the fastest revenue growth, due to rapid growth in the healthcare, pharmaceutical and food & beverage sectors.

PET bottle packaging market dynamics

- Increasing adoption for PET packaging across end-use industries including food & beverages and household products is projected to drive PET packaging growth.
- Rising demand of PET packaging from personal care & cosmetics is expected to propel the global market growth.

- Shifting consumer preferences towards eco-friendly and recyclable materials and ongoing technological advancements
- Various food & beverage manufacturers are focusing on the use of cost-effective PET bottles.

There is a rising demand for packaging solutions for carbonated beverages using PET packaging.

Source: <https://marketresearch.biz/report/pet-packaging-market/>

Source: <https://www.imarcgroup.com/PET-bottle-manufacturing-plant>

Source: <https://enterslice.com/learning/pet-bottles-production/>

Source: <https://www.whitewater.com/what-is-pet-plastic-bottles/>

Source: https://www.bpf.co.uk/sustainability/pet_plastic_bottles_facts_not_myths.aspx

Indian PET industry

The demand for Polyethylene Terephthalate (PET) resin in India stood at 812 thousand tonnes in 2018 and projected to grow at a CAGR of 10.81% during 2019-2030 to 2,749 thousand tonnes by 2030.

PET industry growth drivers in India

- High growth in population (the current population of India is 1.37 billion) out of which 50% of Indians are under 25 years of age and their demand for alcoholic, non-alcoholic beverages, sauce, syrups, jams etc are driving the growth of the PET industry in India.
- India's per capita income increased

from ₹115,293 in 2017-18 to ₹134,226 in 2019-20, reflecting increasing purchasing power

- Growing demand for alcoholic and non-alcoholic beverages has led to the growth of the PET industry in India
- According to McKinsey Global Institute report, India could become the world's fifth largest consumer market by 2025. India's middle-class size is also slated to increase to around 41% of the population. Extremely rural poverty declined from 94% in 1985 to 61% in 2005 and is projected to drop to 26% by 2025.
- Rapid urbanisation, increased literacy, increase in nuclear families and rising

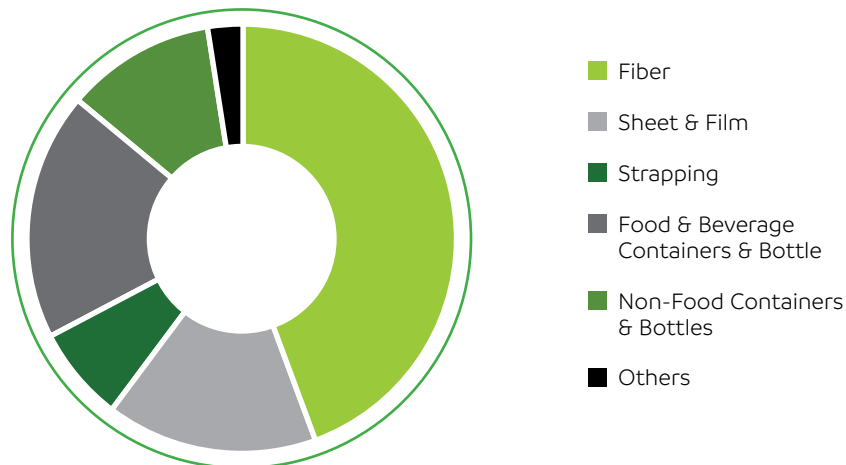
per capita income have all caused rapid growth and change in demand patterns, leading to an explosion of new opportunities. Around 50% of the population in India is below 25 years and the young population is set to rise further, boosting the growth of the PET industry in India.

- Emphasis on the sustainability of the environment of environment by using eco-friendly packaging materials. Replacement of traditional packaging applications and reduced atmospheric emissions are the reasons for an increase in the demand of PET.

Source: <https://indianpetrochem.com/report/petreport>

Global recycled PET industry

Global Recycled Polyethylene Terephthalate (rPET) market share, by end use, 2019 (%)



Source: www.grandviewresearch.com

- The global recycled polyethylene terephthalate market size was valued at US\$ 7.34 billion in 2019. The global recycled polyethylene terephthalate market size is anticipated to reach US\$ 13.32 billion by 2027, according to a new study by Grand View Research, Inc., progressing at a CAGR of 7.9% by 2027.
- Recycled PET, also termed as rPET, is a synthetic compound prepared from used PET products, which finds

application in a wide range of end-use industries.

- Increasing demand for recycled polyethylene terephthalate in the non-food sector is also estimated to drive the growth of the global recycled PET industry.
- Rising concerns regarding the sustainability of natural resources in developing economies are likely to escalate product demand.

- Innovation in recycling technologies for automatic processing and sorting of plastics and the discovery of new material sources are likely to provide opportunities for the market

Source: <https://www.grandviewresearch.com/press-release/global-recycled-polyethylene-terephthalate-pet-market>

Source: <https://www.mordorintelligence.com/industry-reports/recyclate-pet-market>

Source: <https://www.grandviewresearch.com/industry-analysis/recycled-polyethylene-terephthalate-pet-market>

Indian recycled PET industry

India is committed to reduce the amount of waste produced, reusing the material repeatedly, recycling the material to make new products and recovering energy from plastic waste. Through a mix of motivation, technology and knowledge, India is finding sustainable solutions to the challenge of plastic waste management. India recycles 60% of total plastic waste, 70% of which is recycled at registered facilities, 20% by the unorganised sector and 10% at home. India recycles 38% more plastic than the global average of 20%.

As far as plastic bottles are concerned, nearly 80% of the polyethylene terephthalate (PET) bottles, commonly used to package mineral water or juice, are collected and recycled. India, in this case, has even beaten the world's most advanced countries like the US or European countries.

The Ministry of Environment & Forests has issued draft guidelines for Extended Producer Responsibility under Plastic Waste Management Rules 2016 towards achieving a high recycling rate among others.

To ensure sustainability, many brands of footwear and garments are beginning to use polyester yarns made out of recycled PET bottles. The quality of yarn extracted from recycled PET bottles is equivalent to that of virgin yarn manufactured from crude oil. The garments made of this yarn are as good as original polyester according to experts.

Source: <https://indianexpress.com/article/india/use-of-plastics-in-india-growing-but-nearly-80-pet-bottles-recycled-5772614/>

Source: <https://www.plastivision.org/blog/revolutionizing-the-recycling-of-plastic-waste-in-india/>

The global fibre/textile market

The global textile market size was valued at US\$ 961.5 billion in 2019 and is anticipated to reach US\$ 1,350.2 billion by 2027, exhibiting a CAGR of 4.3% from 2020 to 2027.

Growth drivers

Growth of emerging economies: Rising disposable income, population and urbanisation in emerging economies such as India, China, and Mexico are projected to drive market growth.

Increased textile consumption in various sectors: The increasing consumption of natural fibers such

as cotton, silk, wool, hemp, cashmere and jute could drive the global textile market during the forecast period. These fibers are widely used to manufacture garments, apparel, construction materials, medical dressings and interiors of automobiles, among others.

Extensive use of textiles in the construction industry: Growing construction activities are fueling the demand for textiles including natural fibers, nylon and polyester. The industry could increasingly use textiles as they are durable, smooth, malleable, and enhance the cost-effectiveness

of construction structures. The use of construction fabrics in the Middle East and other emerging economies could drive the textile market to grow.

Use of textiles for protective clothing: There has been increasing awareness about personal protective equipment (PPE) in the manufacturing industry on account of stringent regulations for worker safety. This is expected to lead to an increased demand for engineered fiber products such as nylon. Furthermore, technological innovations in terms of the development of new upholstery products derived from coated fabrics and spider silk

are expected to open new industry avenues.

Extensive use of textiles in the sports industry: Waterproof breathable textiles (WBT) are durable, lightweight, and deliver high strength. As a result, they are extensively used in numerous outdoor sports products including tents, backpacks, footwear, and other

fabric-based gears or garments. Increasing demand for lightweight and multifunctional fabric in the sportswear sector is likely to boost the demand for waterproof breathable textiles.

Emergence of e-commerce: Emergence of e-commerce portals that offer added advantages such as convenience, discounts and free

delivery services are expected to increase the consumption of apparel, subsequently driving the demand for textiles.

Source: <https://www.grandviewresearch.com>

Source: <https://www.grandviewresearch.com>

Source: <https://www.businesswire.com>

Source: <https://www.researchandmarkets.com>

Indian fibre/textile market

India has traditionally been a major producer of textiles. Along with this factor, a population boom in the 20th century led to an increased demand of textile and apparel in India. Besides the population, rapid growth can be seen in the disposable income of the middle and lower-middle class sections of the society and it is expected to grow even further in the foreseeable future. In value terms, India's domestic textile and apparel market is worth US\$ 106 billion in 2019-20 and is expected to grow at a CAGR of 12% to reach US\$ 220 billion by 2025-26. Apparel demand at US\$ 78 billion, dominated the domestic market with a share close to 74% of the total textile and apparel market in India.

Growth drivers

India as a textile hub: The textiles and apparel industry in India is the second-largest employer in the country, providing employment to 45 million people. It is expected that this number could increase to 55 million by 2020. India is the second-largest producer of cotton and jute in the world, and happens to be the second-largest producer of polyester, silk and fibre in the world.

Government Initiatives: Huge investments are being made by the Indian government under the scheme

for Integrated Textile Parks (SITP) – US\$ 184.98 million and Technology Upgradation Fund Scheme (US\$ 216.25 million released in 2017) to encourage more private equity and train the workforce. 100% FDI (automatic route) has been permitted in the Indian textile sector. To increase exports, free trade with ASEAN is followed. In 2020, a new textile policy is expected to be released by the Ministry of textiles.

Young populations: India currently has one of the world's largest young population. Currently around half of the total population is below 25 years of age. This age group represents one of the biggest textiles and apparel consuming segments and is expected to drive the spending over the next five years. Fueled by increasing penetration of the internet, online retail has witnessed strong growth in the country. Consumers are now looking for ease of shopping, multiple options, better offers and easy return policies. The growth in online sales has enabled the textile industry to reach consumers residing across every corner of the nation.

Brands on the expansion mode: Indian garments are considered as the right value for money. International brands are showing increased trust in India which enhanced the brand

value of Indian garments. According to McKinsey, over 300 global fashion brands are intended to open stores in India by 2020. A rapidly evolving middle-class and increasingly powerful manufacturing sector is going to drive the growth of the sector in India.

Outlook

India is on the global radar for the textile, and apparel sector supported by its increasing population, income levels, growing market penetration of more players and the rapid urbanisation of smaller towns. The market is projected to reach US\$ 225.7 billion by 2024, growing at a CAGR of 14.2% during 2019-2024. India's textile and apparel exports are expected to touch US\$ 300 billion by 2024-25, resulting in a tripling of the country's market share globally from 5% to 15%, according to Invest India, the national investment promotion and facilitation agency.

Source: <https://retail.economicstimes.indiatimes.com>

Source: <https://www.ibef.org/>

Source: <https://www.businesswire.com>

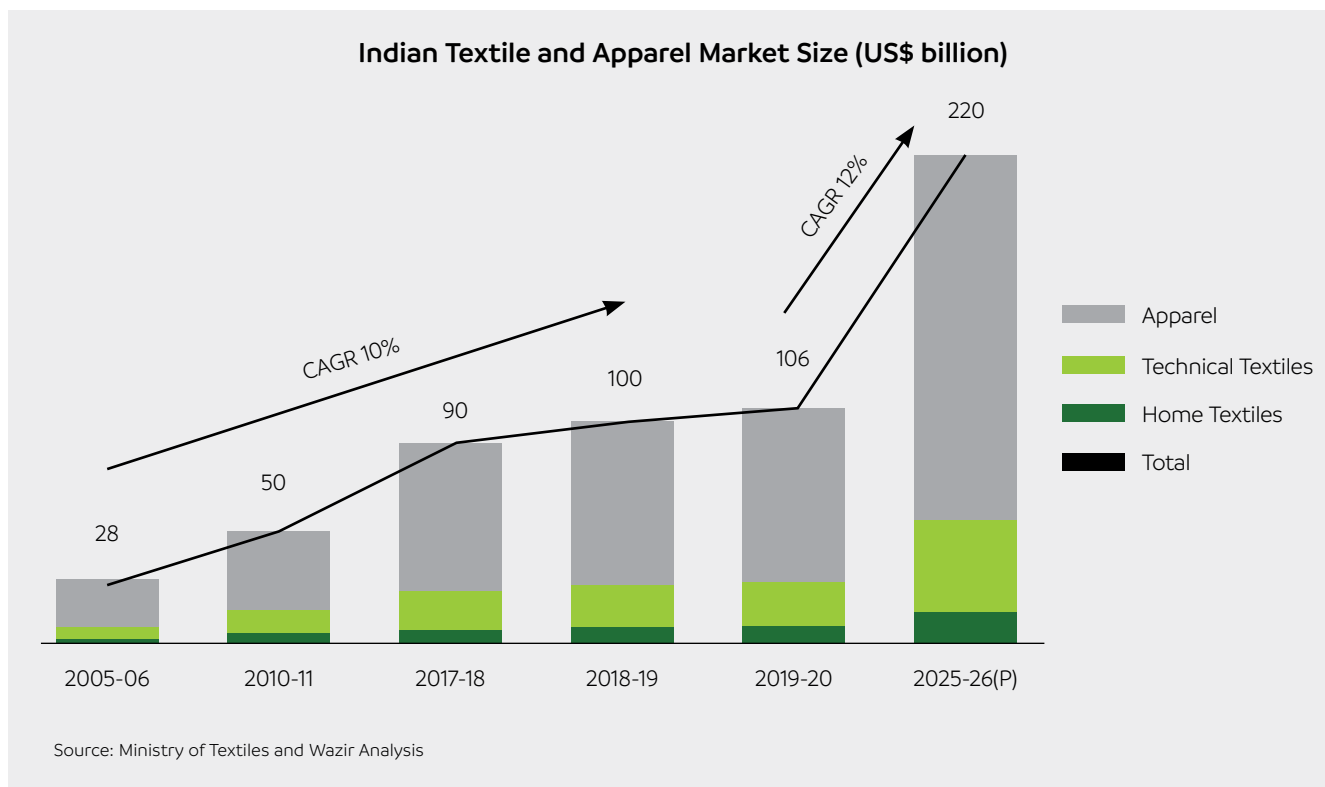
Source: <http://www.hometextileviews.com>

Source: <https://www.fibre2fashion.com>

Source: <https://www.tecnovaglobal.com>

Source: <https://retail.economicstimes.indiatimes.com>

Source: <https://www.investindia.gov.in>



Our financial overview

Analysis of the Profit and Loss statement

- Revenues from operations declined to ₹888.83 crore from ₹1,020.49 crore in 2018-19 mainly because of a sharp fall in prices following the decline in crude oil prices. In volume terms, the sale was lower by 5% mainly due to halting of deliveries at the year-end on account of the lockdown since 24th March, 2020.
- Other Income of the Company reported a 21.18% growth over FY 2019 and accounted for a 0.84% share of the Company's revenues, reflecting the Company's dependence on core business operations.
- Total expenses of the Company decreased by 12.54% from ₹929.40 crore in 2018-19 to ₹812.86 crore in line with a decrease in revenue.

- Proportion of raw material consumption to revenue was stable.
- Though employees' expenses increased by 19% from ₹50.43 crore in 2018-19 to ₹60.02 crore in 2019-20 mainly because of a higher provision for managerial remuneration, it was offset by power & fuel cost, which decreased from ₹91.04 crore in 2018-19 to ₹83.97 crore in 2019-20.
- Finance costs of the Company decreased by 25.92% from ₹10.49 crore in 2018-19 to ₹7.77 crore in 2019-20 following the repayment of loans as well as a reduction in borrowing costs.
- Depreciation on tangible assets increased from ₹25.61 crore in 2018-19 to ₹28.05 crore in 2019-20 owing to an increase in fixed assets towards the end of FY 2019, the full impact of

which was reflected during the year under review.

- EBITDA margins increased by 33 basis points to 13.42% from 13.09% and net profit margin increased by 115 basis points to 7.20% from 6.05% during FY 2020. Improvement in the net profit margin was mainly due to the impact of reduced corporate tax rates.

Analysis of the Balance Sheet

- The capital employed by the Company increased by 9.14% from ₹494.87 crore as on 31st March, 2019 to ₹540.08 crore as on 31st March, 2020 owing to accruals made during the year. Return on average capital employed, a measurement of returns derived from every rupee invested in the business, decreased by 482 basis points from 21.72% in 2018-19 to

16.90% in 2019-20 mainly because of a fall in sale volume.

- The net worth of the Company increased by 14.02% from ₹418.95 crore as on 31st March, 2019 to ₹477.69 crore as on 31st March, 2020 owing to profits earned during the year. The Company's equity share capital remained unchanged during the year under review.
- Long-term debt of the Company decreased by 12.96% to ₹52.13 crore as on 31st March, 2020 owing to scheduled repayments. The long-

term debt-equity ratio of the Company stood at 12.6% in 2019-20 compared to 16.3% in 2018-19.

- Gross fixed assets (including capital work-in-progress) of the Company increased marginally from ₹457.95 crore as on 31st March, 2019 to ₹461.89 crore as on 31st March, 2020 owing to maintenance capex.
- During FY 2020, Company made an investment of ₹19.90 crore in its wholly-owned subsidiary, floated for undertaking new projects. Apart from this, the Company made an

additional short-term investment of ₹83.22 crore in debt mutual funds/ bonds/ fixed deposits.

- Inventories increased by 11.62% from ₹129.74 crore as on 31st March, 2019 to ₹144.81 crore as on 31st March, 2020 and receivables increased by 10.08% from ₹88.45 crore as on 31st March, 2019 to ₹97.37 crore as on 31st March, 2020 mainly because of the slowdown during the last quarter of FY 2020 as well as a lockdown during the last week of March, 2020, which affected deliveries and collections.

Changes in key financial ratios

| Particulars | Financial year ended 31st March, 2020 | Financial year ended 31st March, 2019 | Remark/ Explanation |
|------------------------------------|---------------------------------------|---------------------------------------|---|
| Debtors' turnover (times) | 9.57 | 12.22 | Due to a slowdown in the last quarter of FY 2020. |
| Inventory turnover (times) | 6.47 | 7.76 | Due to a slowdown in the last quarter of FY 2020. |
| Interest coverage ratio (x) | 11.74 | 10.25 | Interest expense reduced due to repayment of loans as well as reduction in borrowing costs. |
| Current ratio (x) | 3.23 | 2.73 | Ratio improved due to deployment of accruals in current assets. |
| Debt-equity ratio (x) | 0.19 | 0.25 | Due to scheduled repayments of loans. |
| Operating Profit Margin (%) (EBIT) | 10.27 | 10.56 | In line with the last year. |
| Net Profit Margin (%) | 7.20 | 6.05 | Improved mainly due to reduction in tax rates. |
| Return on Average Equity (%) | 14.28 | 15.73 | Because of a fall in sales volume. |

Managing risks at Ganesha Ecosphere

There is a strong culture of risk management at Ganesha Ecosphere that is actively promoted by the Board and the Company's senior management across levels within the organisation. It has become a part of how the Company operates on a day-to-day basis and is woven into

its structure and operating principles, guiding the implementation of the organisation's strategic imperatives.

While the Board is responsible for the Company's risk oversight program, operational business units are central to the proactive identification

and management of risk. They are supported by a range of corporate support functions that provide the independent expertise to reinforce implementation of risk management approaches in collaboration with the operational business units.

Raw material risk

The inability to procure raw material adequately at the right cost could impact operations.

Mitigation

Through its massive collection network, the Company is able to source a required quantum of raw material at a reasonable cost. The Company achieved more than 101% capacity utilisation during FY 2020.

Product risk

The Company's products may not remain relevant in the market.

Mitigation

The Company has the capability to supply high quality fiber and yarn in different variants for required application by its customers.

Cost risk

An increase in operating cost could adversely impact profitability.

Mitigation

The Company is continuously working towards debottlenecking and cost optimisation initiatives,

helping optimise operations costs and strengthen profitability.

Demand Risk

Potential for a loss due to a gap between forecast and actual demand.

Mitigation

The Company caters to various segments from yarn spinning to manufacture technical & non- woven textiles. Over the period 2015-16 to 2019-20, the Company's annual sale volume increased them 77,880 tonnes to 1,09,213 tonnes.

Forex risk

Foreign currency fluctuation could impact the profits of the Company.

Mitigation

Currency risks are managed by constant monitoring exposures and limiting the same in view of applicable margins under the relevant market segments. Also, some portion of the foreign currency is hedged to mitigate any adverse movements in currency fluctuations.

Force Majeure

The beginning of 2020 witnessed the global spread of COVID-19, i.e. coronavirus. It is global and continuing to grow, at a rapidly accelerating pace. Governments in many countries announced lockdowns and asked people to stay indoors. Around the world, these coronavirus lockdowns have driven professional and social lives out of the physical world and into the virtual realm. The economic fall out of this is still difficult to assess as the situation is still evolving.

Mitigation

In light of the challenges posed by the pandemic, the Company has leveraged its manufacturing facilities to innovate and produce new products. We have increased our focus on:

- Employee well-being
- Innovation in products
- Tapping the domestic market
- Prudent cash management, and
- Cost optimisation.

Internal control

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the

organisation. It is an integral part of the general organisational structure of the Company and involves a range of personnel who act in a coordinated manner while executing their

respective responsibilities. The Board of Directors offers its guidance and strategic supervision to the Executive Directors and management, monitoring and support committees.

Disclaimer

The statements in the 'management discussion and analysis' section describing the Company's objectives, projections, estimates and prediction may be considered as forward looking statements. All statements that address expectations or projections about the future, including but not

limited to statements about the Company's strategy for growth, product development, market positioning, expenditures and financial results are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions

and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events.

Board of Directors



Mr. Shyam Sunder Sharma
Chairman

Mr. Shyam Sunder Sharma, founder of the Company, aged 77 years, is a post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 56 years including 25 years with various Birla Group Companies in senior positions.

He is associated with the Company as Chairman since 1989 and appointed as Managing Director in 1990. Presently, he is holding the position of Non- Executive Chairman of the Company.



Mr. Vishnu Dutt Khandelwal
Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged 71 years, is post-graduate in commerce and his area of expertise includes marketing and financial management. He possesses a rich experience of over 47 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
Managing Director & CEO

Mr. Sharad Sharma, aged 54 years, is a commerce graduate and having more than 33 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 and elevated to the post of Managing Director & Chief Executive Officer of the Company w.e.f. 18th September, 2018. He is responsible for overall management and operations of the Company.



Mr. Rajesh Sharma
Joint Managing Director

Mr. Rajesh Sharma, aged 54 years, is a commerce graduate and has rich experience spanning over 30 years in plant administration and operations.

He is associated with the Company since inception and was appointed as an Executive Director in 2008. He is holding the post of Joint Managing Director of the Company w.e.f. 1st August, 2019 and is responsible for looking after the management and operations of the Company's Rudrapur and Bilaspur units.



Mr. Gopal Singh Shekhavat
Director (Administration)

Mr. Gopal Singh Shekhavat, aged 67 years, is a bachelor in arts. He has rich experience of more than 48 years in textile industry.

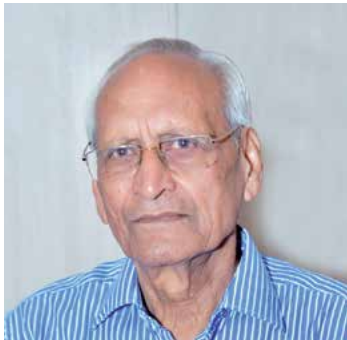
Presently, he looks after the Administration and HR of the Company. He was appointed to the Board of the Company as a Director (Administration) w.e.f. 1st June, 2013.



Mrs. Seema Sharma
Non-Executive Director

Mrs. Seema Sharma, aged 48 years, is a bachelor in arts and having administrative experience of approximately three years.

She was appointed to the Board as a Non- Executive Director on 30th March, 2016.



Mr. Vishwa Nath Chandak
Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged 83 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 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 66 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 on the Board of the Company in 2006.



Mr. Surendra Kumar Kabra
Non-Executive Independent Director

Mr. Surendra Kumar Kabra, aged 76 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 52 years in textile industry.

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

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



Mr. Anoop Gupta
Non-Executive Independent Director

Mr. Anoop Gupta, aged 62 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 55 years, is a mechanical engineer and a postgraduate in management from Indian Institute of Management (IIM), Bangalore. He has rich experience of more than 29 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.



Mrs. Shobha Chaturvedi
Non-Executive Independent Director

Mrs. Shobha Chaturvedi, aged 64 years, is Ph.D. in Pollution Abatement from H.B.T.I., Kanpur and in 2016 retired from the post of Regional Officer, UP Pollution Control Board after having put in more than 28 years of service. She also holds a Master Degree in Chemistry.

She was appointed to the Board as a Non-Executive Independent Director w.e.f. 5th September, 2019.

Directors' Report

To
The Members of
Ganesha Ecosphere Limited

Your Directors have pleasure in presenting the Thirty-First Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2020.

FINANCIAL RESULTS

The summarized financial results of the Company for the year ended March 31, 2020 are as under:

| | (₹ in Crores) | | |
|--|------------------------------|------------------------------|------------------------------|
| | Standalone | Consolidated | |
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 |
| Total Income | 896.33 | 1026.67 | 896.24 |
| Profit before Finance Costs, Depreciation and Amortization Expense | 119.30 | 133.56 | 119.10 |
| Less: Finance Costs | 7.78 | 10.49 | 7.78 |
| Less: Depreciation & Amortization Expense | 28.05 | 25.80 | 28.05 |
| Profit before Tax | 83.47 | 97.27 | 83.27 |
| Tax Expense | (19.59) | (35.32) | (19.59) |
| Profit after Tax | 63.88 | 61.95 | 63.68 |
| Add: Other Comprehensive Income | 0.12 | (0.18) | 0.12 |
| Total Comprehensive Income | 64.00 | 61.77 | 63.80 |
| Balance in retained earnings at the beginning of the year | 248.20 | 190.37 | 248.20 |
| Profit after Tax available for appropriation | 312.20 | 252.14 | 312.00 |
| Dividend Paid | (4.37) | (3.27) | (4.37) |
| Dividend Distribution Tax | (0.90) | (0.67) | (0.90) |
| Transfer to General Reserve | - | - | - |
| Balance in retained earnings at the end of the year | 306.93 | 248.20 | 306.73 |

FINANCIAL AND OPERATIONAL PERFORMANCE

The standalone and consolidated financial statements for the financial year ended March 31, 2020, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs.

The year under review was a challenging year with an additional burden posed by COVID-19 pandemic in the last month of the year. On standalone basis, the total income of the Company was ₹896.33 Crore as against ₹1026.67 Crore in the previous financial year. Earnings before Depreciation, Interest and Taxation (EBITDA) stood at ₹119.30 Crore in financial year 2019-20 against ₹133.56 Crore in financial year 2018-19, thereby recording a decrease of 10.68%. The decrease in Revenue as well as EBITDA is due to loss of production, depressed demand,

volatility in crude oil prices and drop in sale prices & volume. During the year under review, the Company has earned Net Profit of ₹63.88 Crore as against ₹61.95 Crore in previous year, registering a growth of 3.12% mainly on account of lower tax incidence.

The Company was able to meet its financial obligations well in time and recorded a reduction in its Borrowings to ₹92.37 crore in the Financial Year 2019-20 from ₹104.47 crore in the previous financial year.

On consolidated basis, during the year 2019-20, we achieved total income of ₹896.24 Crore. Our net profit for the year is ₹63.68 Crore. There is no comparable consolidated figures for the year 2018-19, since Wholly Owned Subsidiary, Ganesha Ecopet Private Limited, was incorporated on 19th November, 2019.

Directors' Report

MATERIAL CHANGES AND COMMITMENTS 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

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the impact of COVID-19 on the business operations of the Company as detailed in this Report. Further, there was no change in the nature of business of the Company.

IMPACT OF COVID 19 PANDEMIC

With the outbreak of Corona Virus (COVID-19) the whole world is facing a huge turmoil. The plight of COVID-19 had its adverse effect on almost all the economies of the World and its traces are found in India also. The Government's decision to put the country into full lockdown in the month of March, 2020 had significantly impacted the normal business operations of the Company. The Company had to declare an unprecedented shutdown of factory plants and offices as per the directives issued by the State Government and Central Government of India.

The Manufacturing operations were shut down for almost 45 days from 4th week of March to 1st week of May, 2020. Thereafter, the Company resumed its operations in a phased manner adhering to the safety norms prescribed by the Government of India. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, it does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as on the date of this Report. The Company will continue to monitor any material changes to future economic conditions.

RATING

During the financial year 2019-20, the following ratings have been re-affirmed by ICRA and CARE:

- i. A; Stable (Single A; Outlook Stable) for Long Term Bank Facilities (Term Loan and Fund Based) signifying adequate degree of safety regarding timely servicing of financial obligations. Such facilities carry low credit risk.
- ii. A1 (A One) for Short Term Bank Facilities (Non-Fund based) signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹2/- per share (i.e. @ 20%) on Equity Shares of ₹10/- each of the Company, involving cash outflow of ₹436.59 lakh of the Company's standalone net profit for the financial year 2019-20. Dividend is subject to approval of members at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of income tax at source.

During the year under review, final dividend for the financial year 2011-12 amounting to ₹10.69 Lakh 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 Investor Education and Protection Fund (IEPF) of the Central Government, in terms of Section 124(5) of the Companies Act, 2013.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company has incorporated a Wholly-Owned Subsidiary Company namely, Ganesha Ecopet Private Limited ("Subsidiary") on 19th November, 2019, in State of Uttar Pradesh. However, your Company has no Associate and Joint Venture Companies during the year ended on 31st March, 2020. The Subsidiary had not commenced its operations till 31st March, 2020 and therefore, it does not significantly contribute to the overall performance of the Company.

The Consolidated Financial Statements of the Company and its Subsidiary are prepared in accordance with the Companies Act, 2013 and applicable Indian Accounting Standards and form part of this Annual Report.

A statement containing salient features of the Financial Statements of the Subsidiary in the prescribed format in Form AOC-1 as required under first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is included in this Report as "Annexure A" and forms an integral part of this Report.

In terms of the provisions of Section 136 of the Companies Act, 2013 read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Audited Financial Statements of the Subsidiary are placed on website of the Company and can be accessed at <http://ganeshaecosphere.com/subsidiary/>.

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 is provided in a separate section forming part of the Annual Report.

Directors' Report

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At the 30th Annual General Meeting held on 5th September, 2019, members of the Company have approved the following:

1. Re-appointment of Shri Sharad Sharma (DIN: 00383178) as the Managing Director of the Company for a further period of 5 (five) years w.e.f. 1st February, 2019;
2. Appointment and re-designation of Shri Rajesh Sharma (DIN: 02228607) as the Joint Managing Director of the Company with effect from 1st August, 2019 till 18th June, 2023; and
3. Re-appointment of Shri Abhilash Lal (DIN: 03203177), Shri Anoop Gupta (DIN: 00153340), Shri Pradeep Kumar Goenka (DIN: 00404746), Shri Surendra Kumar Kabra (DIN: 01280980) and Shri Vishwa Nath Chandak (DIN: 00313035) as Independent Director of the Company for a second term.

During the year under review, Shri Narayanan Subramaniam (DIN: 00166621) ceased to be a Non-Executive Independent Director of the Company with effect from 5th September, 2019 upon completion of his term. The Board places on record its deepest gratitude and appreciation towards valuable contribution made by Shri Narayanan Subramaniam during his tenure as Independent Director of the Company.

The Board, on the recommendation of Nomination and Remuneration Committee, has appointed Smt. Shobha Chaturvedi (DIN: 08553800) as an Additional (Non- Executive Independent) Director w.e.f. 5th September, 2019 who holds office upto the date of ensuing Annual General Meeting of the Company.

Having received her consent for appointment and declaration that she meets the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and a confirmation that she is neither disqualified under Section 164(2) of the Companies Act, 2013 nor debarred from holding the office of director by virtue of any SEBI order or any other such authority, the Board recommends her appointment, as Non- Executive Independent Director of the Company for a term of 5 (Five) consecutive years, for the approval of Members of the Company in the ensuing AGM. A brief profile of Smt. Shobha Chaturvedi is given in the Notice of 31st Annual General Meeting of the Company.

In the opinion of the Board, all the Independent Directors appointed/ re-appointed during the year under review possess the attributes of integrity, expertise and experience.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Seema Sharma (DIN: 07466530), Non-Executive Director of the

Company retires from the Board by rotation, at the ensuing Annual General Meeting of the Company and is eligible for re-appointment. However, Smt. Seema Sharma has expressed her unwillingness to seek re-appointment on the Board of the Company. The Board has decided not to fill the vacancy for the time being caused by her retirement and therefore, a resolution in this regard is proposed in the Notice of the ensuing AGM.

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(1)(b) of the Listing Regulations and they have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

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.

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, 2020, 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.

Directors' Report

- 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 2019-20 are given under the Corporate Governance Report.

COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has duly complied with the applicable provisions of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2), issued by the Institute of Company Secretaries of India.

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 B" and forms an integral part of this Report.

As required under Section 134(3)(a) of the Companies Act, 2013, the copy of Annual Return is also placed in the Company's website and can be accessed at <http://ganeshaeosphere.com/wp-content/uploads/2020/02/annual-return-2018-19.pdf>

LISTING

The Equity Shares of the Company are presently listed at BSE Limited and National Stock Exchange of India Limited and the listing fee, for the year 2020-21, for both the Stock Exchanges is paid.

AUDITORS AND AUDITORS' REPORT

a. Statutory Auditors

M/s. Narendra Singhania & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company at the 28th Annual General Meeting of the Company held on 25th September, 2017, who shall hold

office till the conclusion of the 33rd Annual General Meeting in accordance with the provisions of the Companies Act, 2013. The Auditors have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

The Auditors' Report for the financial year 2019-20 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 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith as "Annexure C".

As regards Secretarial Auditors' observation in their report stating delay of 5 (five) days in filing of Corporate Governance Report with BSE Limited for the quarter ended 31st December, 2019, it is clarified that the delay was due to the technical failure.

Further, the observation of Secretarial Auditor that the Company has spent an amount of ₹124.42 lakh on CSR activities against its CSR obligation of ₹137.20 lakh, has been fully explained at Point No. 6 of "Annexure D" forming an integral part of this Report.

The Secretarial Audit Report for the Financial Year 2019-20 contains no other observation, qualification, reservation or adverse remark.

c. Cost Auditors

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 and accordingly such accounts and records are made and maintained.

M/s. R. M. Bansal & Co., Cost Accountants (Firm Regn. No.: 000022 and M/s. Rakesh Misra & Co., Cost Accountants (Firm Regn. No.: 000249) 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 2020-21.

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

Directors' Report

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. Ashok & Ajai, Chartered Accountants, Kanpur, to conduct the Internal Audit of the functions and activities of the Company for the Financial Year 2019-20. The Internal Audit Report is placed before the Audit Committee of the Company at regular intervals.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

RELATED PARTY TRANSACTIONS

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 were placed before the Audit Committee for approval. Omnibus approval from the Audit Committee was obtained on annual basis for transactions 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. 34 of the Notes to the Standalone Financial Statements for the year ended 31st March, 2020.

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/2020/06/related-party-transaction.pdf>

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS BY THE COMPANY

The Company has not given any guarantees or provided securities attracting provisions of Section 186 of the Companies Act, 2013. However, the details of loans given and investments made are provided in Note No. 5 and 8 of the Notes to the Standalone Financial Statements for the year ended 31st March, 2020.

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 behaviour,

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 broad parameters covered under the Policy are – Attributes, Qualifications and Remuneration of Executive and Non-Executive Directors including Independent Directors, KMP and Senior Management Personnel. It also covers performance evaluation criteria of the Board, its Committees and individual directors.

The Nomination, Remuneration and Board Diversity Policy of the Company 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>. There has been no change in the policy during the year under review. We affirm that the remuneration paid to the Directors is as per the terms laid out in the Policy.

BOARD EVALUATION

The Board of Directors at its meeting held on 8th February, 2020, has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act & Listing Regulations. Performance Evaluation of Independent Directors was done by the entire board, excluding the director being evaluated. 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.

In a separate meeting of Independent Directors held on 8th February, 2020, performance of non-independent directors, the Chairman of the Company and the Board as a whole was evaluated, taking into account the views of Executive Directors and other Non-Executive Directors. Independent Directors have also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board and recorded their satisfaction with the flow of information.

Directors' Report

RISK MANAGEMENT

Risk management is an ongoing process and embedded in the operating framework of the Company. Risk Management & Strategic Planning Committee of the Board has been entrusted for timely identification, evaluation and mitigation of all types of risks including strategic, operational, and external environment risks. The Committee is responsible for monitoring and reviewing the risk management plan/ policy and ensuring its effectiveness across the organization. The Audit Committee of the Board has an additional oversight in the risk management systems prevailing in the Company.

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 http://ganeshaecosphere.com/wp-content/uploads/2019/09/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.

During the year under review, the Company has spent an amount of ₹124.42 lakh on CSR activities against its CSR obligation of ₹137.20 lakh. The detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure D" and forms an integral part of this Report. 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>

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2) of Listing Regulations, a Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is provided in a separate section forming part of the Annual Report.

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, had accepted an amount of ₹1.51 Crore as unsecured loans from the Directors and the balance outstanding as on 31st March, 2020 was ₹5.98 Crore.

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 M/s. S. K. Gupta & Co., Practicing Company Secretaries, confirming compliance of the conditions of Corporate Governance, forms an integral part of this Report.

Directors' Report

POLICY ON SEXUAL HARASSMENT

Prevention and control of sexual harassment at workplace constitutes an important part of corporate culture while aligning with best practices and improving management processes. 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 and has constituted an Internal Complaints Committee in line with the provisions of the 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 2019-20.

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 express their deepest appreciation to the employees at all levels, whose dedicated efforts, co-operation and unending support helped the Company in delivering results despite the challenges. 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 Sharma)

Chairman

DIN: 00530921

Place: Kanpur

Date: 22nd June, 2020

Annexure 'A' to the Directors' Report

FORM AOC-1

(Pursuant to first proviso to sub section (3) of Section 129 of the Companies Act, 2013
read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

PART "A": SUBSIDIARIES

| | | (₹ in Lakhs) |
|---|--|--------------|
| S. No. | | 1 |
| Name of the subsidiary | Ganesha EcoPET Private Limited* | |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period | 19/11/2019 to 31/03/2020 (Incorporated on 19/11/2019) | |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees (INR) | |
| Share Capital | 1000.00 | |
| Reserves and Surplus (Other equity) | (10.75) | |
| Total Assets | 1989.84 | |
| Total Liabilities | 1989.84 | |
| Investments | - | |
| Turnover | - | |
| Profit (loss) before taxation | (10.75) | |
| Provision for taxation | - | |
| Profit (loss) after taxation | (10.75) | |
| Proposed dividend | - | |
| % of Shareholding | 100% | |

*not commenced operations till the period ended 31st March, 2020.

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate companies and Joint Ventures.

| Name of Associate/ Joint Ventures | | Name 1 |
|-----------------------------------|---|--------|
| 1 | Latest Audited Balance sheet Date | |
| 2 | Shares of Associate/ Joint Ventures held by the company on year end. | |
| i | No. | |
| ii | Amount of investments in Associates/ Joint Venture | |
| iii | Extend of Holding % | |
| 3 | Description of how there is significant influence | N.A. |
| 4 | Reason why the associate/ joint venture is not consolidated | |
| 5 | Networth attributable to Shareholding as per latest audited Balance Sheet | |
| 6 | Profit/Loss for the year | |
| i | Considered in consolidation | |
| ii | Not considered in consolidation | |

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director
(DIN: 00383178)

Bharat Kumar Sajjani
Company Secretary

Shyam Sunder Sharma
Chairman
(DIN: 00530921)

Gopal Agarwal
Chief Financial Officer

Annexure 'B' to the Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31st March, 2020

[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 Limited |
| 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- 209304, Uttar Pradesh. E-mail: secretarial@ganeshaecosphere.com Website: www.ganeshaecosphere.com Tel. No.: 0512-2555505-06, +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, E-mail: admin@skylinerta.com Website: www.skylinerta.com Tel. No. 011- 26812682-83, 40450193- 196 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given after 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 | 79.83 |
| 2. | Spun Yarn | 13114 | 14.60 |

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. | Ganesha Ecopet Private Limited (Regd. Office- 113/216-A, Ground Floor, Swaroop Nagar, Kanpur-208002.) | U37100UP2019PTC123520 | Subsidiary | 100% | 2 (87)(ii) |

Annexure 'B' to the Directors' Report

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 | 6144568 | - | 6144568 | 28.15 | 6149920 | - | 6149920 | 28.17 | 0.02 |
| b. Central Govt. | - | - | - | - | - | - | - | - | - |
| c. State Govt.(s) | - | - | - | - | - | - | - | - | - |
| d. Bodies Corporates | 2556458 | - | 2556458 | 11.71 | 2660011 | - | 2660011 | 12.19 | 0.48 |
| e. Bank/FI | - | - | - | - | - | - | - | - | - |
| f. Any other | - | - | - | - | - | - | - | - | - |
| SUB TOTAL (A) (1):- | 8701026 | - | 8701026 | 39.86 | 8809931 | - | 8809931 | 40.36 | 0.50 |
| 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 | 8701026 | - | 8701026 | 39.86 | 8809931 | - | 8809931 | 40.36 | 0.50 |
| (A)= (A)(1)+(A)(2) | | | | | | | | | |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a. Mutual Funds | 3418825 | 2200 | 3421025 | 15.67 | 3396986 | 2200 | 3399186 | 15.57 | (0.10) |
| b. Banks/FI | 8615 | 100 | 8715 | 0.04 | 9017 | 100 | 9117 | 0.04 | 0.00 |
| c. Central Govt. | - | - | - | - | - | - | - | - | - |
| d. State Govt. | - | - | - | - | - | - | - | - | - |
| e. Venture Capital Fund | - | - | - | - | - | - | - | - | - |
| f. Insurance Companies | - | - | - | - | - | - | - | - | - |
| g. FIIs | - | - | - | - | - | - | - | - | - |
| "h. Foreign Venture Capital Funds" | - | - | - | - | - | - | - | - | - |
| i. Others (specify) | | | | | | | | | |
| i. Foreign Portfolio Investors | 80383 | - | 80383 | 0.37 | 23507 | - | 23507 | 0.11 | (0.26) |
| SUB TOTAL (B)(1):- | 3507823 | 2300 | 3510123 | 16.08 | 3429510 | 2300 | 3431810 | 15.72 | (0.36) |
| 2. Non Institutions | | | | | | | | | |
| a. Bodies Corporates | | | | | | | | | |
| i. Indian | 5198012 | 1500 | 5199512 | 23.82 | 4994425 | 1500 | 4995925 | 22.89 | (0.93) |
| ii. Overseas | - | - | - | - | - | - | - | - | - |
| b. Individuals | | | | | | | | | |

Annexure 'B' to the Directors' Report

| 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 | |
| i. Individual shareholders holding nominal share capital upto ₹ 1 lakh | 1678841 | 591246 | 2270087 | 10.40 | 1714119 | 511999 | 2226118 | 10.20 | (0.20) |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1285209 | - | 1285209 | 5.88 | 1544977 | - | 1544977 | 7.07 | 1.19 |
| c. Others (specify) | | | | | | | | | |
| i. NRI | 67781 | - | 67781 | 0.31 | 65534 | - | 65534 | 0.30 | (0.01) |
| ii. Hindu Undivided Family | 269413 | - | 269413 | 1.23 | 200261 | - | 200261 | 0.92 | (0.31) |
| iii. Clearing Members/ House | 51627 | - | 51627 | 0.24 | 34496 | - | 34496 | 0.16 | (0.08) |
| iv. Trusts | 3300 | - | 3300 | 0.02 | - | - | - | 0.00 | (0.02) |
| v. IEPF | 471319 | - | 471319 | 2.16 | 520345 | - | 520345 | 2.38 | 0.22 |
| SUB TOTAL (B)(2):- | 9025502 | 592746 | 9618248 | 44.06 | 9074157 | 513499 | 9587656 | 43.92 | (0.14) |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 12533325 | 595046 | 13128371 | 60.14 | 12503667 | 515799 | 13019466 | 59.64 | (0.50) |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 21234351 | 595046 | 21829397 | 100 | 21313598 | 515799 | 21829397 | 100 | - |

ii. Shareholding of Promoters (including Promoter Group)

| 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 | 8.88 | 7.33 | 1938927 | 8.88 | 0.00 | 0.00 |
| 2. | MR. VISHNU DUTT KHANDELWAL | 720200 | 3.30 | 0.00 | 720200 | 3.30 | 0.00 | 0.00 |
| 3. | MR. SHARAD SHARMA | 875583 | 4.01 | 1.66 | 875583 | 4.01 | 0.00 | 0.00 |
| 4. | MR. RAJESH SHARMA | 1095529 | 5.02 | 0.00 | 1095529 | 5.02 | 0.00 | 0.00 |
| 5. | MRS. SEEMA SHARMA | 269215 | 1.23 | 0.00 | 269215 | 1.23 | 0.00 | 0.00 |
| 6. | MR. SANDEEP KHANDELWAL | 106050 | 0.49 | 0.00 | 106050 | 0.49 | 0.00 | 0.00 |
| 7. | MRS. VIMAL SHARMA | 471250 | 2.16 | 1.44 | 476602 | 2.18 | 0.00 | 0.02 |
| 8. | MRS. RATNA SHARMA | 257825 | 1.18 | 0.00 | 257825 | 1.18 | 0.00 | 0.00 |
| 9. | SHYAM SUNDER SHARMMA HUF | 107000 | 0.49 | 0.00 | 107000 | 0.49 | 0.00 | 0.00 |
| 10. | SHARAD SHARMA HUF | 94731 | 0.43 | 0.00 | 94731 | 0.43 | 0.00 | 0.00 |
| 11. | GPL FINANCE LTD. | 2127658 | 9.75 | 0.00 | 2213711 | 10.14 | 0.00 | 0.39 |

Annexure 'B' to the Directors' Report

| 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 | |
| 12. | SANDEEP YARNS PVT. LTD. | 428800 | 1.96 | 0.00 | 446300 | 2.04 | 0.00 | 0.08 |
| 13. | VISHNU DUTT KHANDELWAL HUF | 37500 | 0.17 | 0.00 | 37500 | 0.17 | 0.00 | 0.00 |
| 14. | RAJESH SHARMA HUF | 23250 | 0.11 | 0.00 | 23250 | 0.11 | 0.00 | 0.00 |
| 15. | MRS. NIRMAL KHANDELWAL | 46875 | 0.21 | 0.00 | 46875 | 0.21 | 0.00 | 0.00 |
| 16. | MR. YASH SHARMA | 100000 | 0.46 | 0.00 | 100000 | 0.46 | 0.00 | 0.00 |
| 17. | MR. ASHWANI SHARMA | 633 | 0.00 | 0.00 | 633 | 0.00 | 0.00 | 0.00 |
| | Total | 8701026 | 39.86 | 10.44 | 8809931 | 40.36 | 0.00 | 0.50 |

* 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. | Name of the Promoter/ Promoter Group. | Shareholding at the beginning of the year | | Date | Increase / Decrease in Promoters 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 | MR. SHYAM SUNDER SHARMA | 1938927 | 8.88 | - | 0 | - | - | - | 1938927 | 8.88 |
| 2 | MR. VISHNU DUTT KHANDELWAL | 720200 | 3.30 | - | 0 | - | - | - | 720200 | 3.30 |
| 3 | MR. SHARAD SHARMA | 875583 | 4.01 | - | 0 | - | - | - | 875583 | 4.01 |
| 4 | MR. RAJESH SHARMA | 1095529 | 5.02 | - | 0 | - | - | - | 1095529 | 5.02 |
| 5 | MRS. SEEMA SHARMA | 269215 | 1.23 | - | 0 | - | - | - | 269215 | 1.23 |
| 6 | MR. SANDEEP KHANDELWAL | 106050 | 0.49 | - | 0 | - | - | - | 106050 | 0.49 |
| 7 | MRS. VIMAL SHARMA | 471250 | 2.16 | 24/03/2020 | 2500 | Purchase | 473750 | 2.17 | | |
| | | | | 27/03/2020 | 2852 | Purchase | 476602 | 2.18 | 476602 | 2.18 |
| 8 | MRS. RATNA SHARMA | 257825 | 1.18 | - | 0 | - | - | - | 257825 | 1.18 |
| 9 | SHYAM SUNDER SHARMA HUF | 107000 | 0.49 | - | 0 | - | - | - | 107000 | 0.49 |
| 10 | SHARAD SHARMA HUF | 94731 | 0.43 | - | 0 | - | - | - | 94731 | 0.43 |
| 11 | GPL FINANCE LTD. | 2127658 | 9.75 | 02/08/2019 | 51 | Purchase | 2127709 | 9.75 | | |
| | | | | 05/08/2019 | 1961 | Purchase | 2129670 | 9.76 | | |
| | | | | 08/08/2019 | 220 | Purchase | 2129890 | 9.76 | | |
| | | | | 09/08/2019 | 293 | Purchase | 2130183 | 9.76 | | |
| | | | | 16/08/2019 | 917 | Purchase | 2131100 | 9.76 | | |

Annexure 'B' to the Directors' Report

| S. No. | Name of the Promoter/ Promoter Group. | Shareholding at the beginning of the year | | Date | Increase / Decrease in Promoters 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 |
| | | | | 19/08/2019 | 2371 | Purchase | 2133471 | 9.77 | | |
| | | | | 20/08/2019 | 2000 | Purchase | 2135471 | 9.78 | | |
| | | | | 21/08/2019 | 2411 | Purchase | 2137882 | 9.79 | | |
| | | | | 22/08/2019 | 1000 | Purchase | 2138882 | 9.80 | | |
| | | | | 23/08/2019 | 194 | Purchase | 2139076 | 9.80 | | |
| | | | | 26/08/2019 | 1250 | Purchase | 2140326 | 9.80 | | |
| | | | | 27/08/2019 | 1541 | Purchase | 2141867 | 9.81 | | |
| | | | | 28/08/2019 | 2458 | Purchase | 2144325 | 9.82 | | |
| | | | | 29/08/2019 | 2515 | Purchase | 2146840 | 9.83 | | |
| | | | | 30/08/2019 | 387 | Purchase | 2147227 | 9.84 | | |
| | | | | 03/09/2019 | 1950 | Purchase | 2149177 | 9.85 | | |
| | | | | 04/09/2019 | 2239 | Purchase | 2151416 | 9.86 | | |
| | | | | 05/09/2019 | 1948 | Purchase | 2153364 | 9.86 | | |
| | | | | 06/09/2019 | 3000 | Purchase | 2156364 | 9.88 | | |
| | | | | 19/09/2019 | 1500 | Purchase | 2157864 | 9.89 | | |
| | | | | 20/09/2019 | 2000 | Purchase | 2159864 | 9.89 | | |
| | | | | 23/09/2019 | 800 | Purchase | 2160664 | 9.90 | | |
| | | | | 26/09/2019 | 273 | Purchase | 2160937 | 9.90 | | |
| | | | | 27/09/2019 | 6304 | Purchase | 2167241 | 9.93 | | |
| | | | | 20/12/2019 | 2000 | Purchase | 2169241 | 9.94 | | |
| | | | | 23/12/2019 | 4000 | Purchase | 2173241 | 9.96 | | |
| | | | | 24/12/2019 | 2000 | Purchase | 2175241 | 9.96 | | |
| | | | | 27/12/2019 | 38470 | Purchase | 2213711 | 10.14 | 2213711 | 10.14 |
| 12 | SANDEEP YARNS PVT. LTD. | 428800 | 1.96 | 27/12/2019 | 12000 | Purchase | 440800 | 2.02 | | |
| | | | | 18/03/2020 | 5500 | Purchase | 446300 | 2.04 | 446300 | 2.04 |
| 13 | VISHNU DUTT KHANDELWAL HUF | 37500 | 0.17 | - | 0 | - | - | - | 37500 | 0.17 |
| 14 | RAJESH SHARMA HUF | 23250 | 0.11 | - | 0 | - | - | - | 23250 | 0.11 |
| 15 | MRS. NIRMAL KHANDELWAL | 46875 | 0.21 | - | 0 | - | - | - | 46875 | 0.21 |
| 16 | MR. YASH SHARMA | 100000 | 0.46 | - | 0 | - | - | - | 100000 | 0.46 |
| 17 | MR. ASHWANI SHARMA | 633 | 0.00 | - | 0 | - | - | - | 633 | 0.00 |
| | Total | 8701026 | 39.86 | | 108905 | | | | 8809931 | 40.36 |

Annexure 'B' to the Directors' Report

iv. Shareholding Pattern of Top Ten Shareholders as on 31st March, 2020 (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 | 13.63 | - | - | - | - | - | 2975877 | 13.63 |
| 2. | SBI MUTUAL FUND | 2092625 | 9.59 | 05/04/2019 | -6123 | Sale | 2086502 | 9.56 | | |
| | | | | 12/04/2019 | -5915 | Sale | 2080587 | 9.53 | | |
| | | | | 26/04/2019 | -20962 | Sale | 2059625 | 9.44 | | |
| | | | | 31/05/2019 | -9329 | Sale | 2050296 | 9.39 | | |
| | | | | 07/06/2019 | -20440 | Sale | 2029856 | 9.30 | | |
| | | | | 14/06/2019 | -6295 | Sale | 2023561 | 9.27 | | |
| | | | | 21/06/2019 | -1861 | Sale | 2021700 | 9.26 | | |
| | | | | 05/07/2019 | -1419 | Sale | 2020281 | 9.25 | | |
| | | | | 16/08/2019 | -39854 | Sale | 1980427 | 9.07 | | |
| | | | | 23/08/2019 | 32000 | Purchase | 2012427 | 9.22 | | |
| | | | | 11/10/2019 | -440231 | Sale | 1572196 | 7.20 | | |
| | | | | 18/10/2019 | 440231 | Purchase | 2012427 | 9.22 | | |
| | | | | 21/02/2020 | -8033 | Sale | 2004394 | 9.18 | | |
| | | | | 28/02/2020 | -1136 | Sale | 2003258 | 9.18 | 2003258 | 9.18 |
| 3. | DSP EQUITY FUND | 1326100 | 6.07 | - | - | - | - | - | 1326100 | 6.07 |
| 4. | ESSEL INDUSTRIES PRIVATE LIMITED | 575324 | 2.64 | - | - | - | - | - | 575324 | 2.64 |
| 5. | INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS | 471319 | 2.16 | 24/05/2019 | -100 | Transfer | 471219 | 2.16 | | |
| | | | | 02/08/2019 | -200 | Transfer | 471019 | 2.16 | | |
| | | | | 20/09/2019 | -100 | Transfer | 470919 | 2.16 | | |
| | | | | 30/09/2019 | -100 | Transfer | 470819 | 2.16 | | |
| | | | | 11/10/2019 | -100 | Transfer | 470719 | 2.16 | | |
| | | | | 25/10/2019 | -500 | Transfer | 470219 | 2.15 | | |
| | | | | 08/11/2019 | -100 | Transfer | 470119 | 2.15 | | |
| | | | | 22/11/2019 | -500 | Transfer | 469619 | 2.15 | | |
| | | | | 03/12/2019 | 52626 | Transfer | 522245 | 2.39 | | |
| | | | | 31/12/2019 | -200 | Transfer | 522045 | 2.39 | | |
| | | | | 17/01/2020 | -300 | Transfer | 521745 | 2.39 | | |
| | | | | 24/01/2020 | -500 | Transfer | 521245 | 2.39 | | |
| | | | | 31/01/2020 | -100 | Transfer | 521145 | 2.39 | | |
| | | | | 14/02/2020 | -100 | Transfer | 521045 | 2.39 | | |
| | | | | 21/02/2020 | -600 | Transfer | 520445 | 2.38 | | |

Annexure 'B' to the Directors' Report

| 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 |
| | | | | 06/03/2020 | -100 | Transfer | 520345 | 2.38 | 520345 | 2.38 |
| 6. | SANGEETA PAREEKH | 453239 | 2.08 | 05/04/2019 | -10701 | Sale | 442538 | 2.03 | | |
| | | | | 26/07/2019 | 2670 | Purchase | 445208 | 2.04 | | |
| | | | | 27/03/2020 | 20000 | Purchase | 465208 | 2.13 | | |
| | | | | 31/03/2020 | 32638 | Purchase | 497846 | 2.28 | 497846 | 2.28 |
| 7. | SHARE INDIA SECURITIES LIMITED | 192475 | 0.88 | 05/04/2019 | -9796 | Sale | 182679 | 0.84 | | |
| | | | | 12/04/2019 | 13725 | Purchase | 196404 | 0.90 | | |
| | | | | 19/04/2019 | -86794 | Sale | 109610 | 0.50 | | |
| | | | | 26/04/2019 | 12010 | Purchase | 121620 | 0.56 | | |
| | | | | 03/05/2019 | -9300 | Sale | 112320 | 0.51 | | |
| | | | | 10/05/2019 | 18951 | Purchase | 131271 | 0.60 | | |
| | | | | 17/05/2019 | 2065 | Purchase | 133336 | 0.61 | | |
| | | | | 24/05/2019 | -3131 | Sale | 130205 | 0.60 | | |
| | | | | 31/05/2019 | -121639 | Sale | 8566 | 0.04 | | |
| | | | | 07/06/2019 | 180953 | Purchase | 189519 | 0.87 | | |
| | | | | 14/06/2019 | -145052 | Sale | 44467 | 0.20 | | |
| | | | | 21/06/2019 | 2122 | Purchase | 46589 | 0.21 | | |
| | | | | 28/06/2019 | 112878 | Purchase | 159467 | 0.73 | | |
| | | | | 05/07/2019 | 727 | Purchase | 160194 | 0.73 | | |
| | | | | 12/07/2019 | 7517 | Purchase | 167711 | 0.77 | | |
| | | | | 19/07/2019 | -132467 | Sale | 35244 | 0.16 | | |
| | | | | 26/07/2019 | -17706 | Sale | 17538 | 0.08 | | |
| | | | | 02/08/2019 | 319794 | Purchase | 337332 | 1.55 | | |
| | | | | 09/08/2019 | -823 | Sale | 336509 | 1.54 | | |
| | | | | 16/08/2019 | 16868 | Purchase | 353377 | 1.62 | | |
| | | | | 23/08/2019 | -108443 | Sale | 244934 | 1.12 | | |
| | | | | 29/08/2019 | -4257 | Sale | 240677 | 1.10 | | |
| | | | | 30/08/2019 | -350 | Sale | 240327 | 1.10 | | |
| | | | | 06/09/2019 | 2049 | Purchase | 242376 | 1.11 | | |
| | | | | 13/09/2019 | -1490 | Sale | 240886 | 1.10 | | |
| | | | | 20/09/2019 | 2798 | Purchase | 243684 | 1.12 | | |
| | | | | 27/09/2019 | -232092 | Sale | 11592 | 0.05 | | |
| | | | | 30/09/2019 | 4757 | Purchase | 16349 | 0.07 | | |
| | | | | 04/10/2019 | 129327 | Purchase | 145676 | 0.67 | | |
| | | | | 11/10/2019 | 239 | Purchase | 145915 | 0.67 | | |
| | | | | 18/10/2019 | 8913 | Purchase | 154828 | 0.71 | | |
| | | | | 25/10/2019 | 3594 | Purchase | 158422 | 0.73 | | |
| | | | | 01/11/2019 | 1448 | Purchase | 159870 | 0.73 | | |
| | | | | 08/11/2019 | -147716 | Sale | 12154 | 0.06 | | |

Annexure 'B' to the Directors' Report

| 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 |
| | | | | 15/11/2019 | 1664 | Purchase | 13818 | 0.06 | | |
| | | | | 22/11/2019 | 5144 | Purchase | 18962 | 0.09 | | |
| | | | | 29/11/2019 | 3633 | Purchase | 22595 | 0.10 | | |
| | | | | 06/12/2019 | 6576 | Purchase | 29171 | 0.13 | | |
| | | | | 13/12/2019 | -9536 | Sale | 19635 | 0.09 | | |
| | | | | 20/12/2019 | -3858 | Sale | 15777 | 0.07 | | |
| | | | | 27/12/2019 | -418 | Sale | 15359 | 0.07 | | |
| | | | | 31/12/2019 | 31186 | Purchase | 46545 | 0.21 | | |
| | | | | 03/01/2020 | 5174 | Purchase | 51719 | 0.24 | | |
| | | | | 10/01/2020 | -8594 | Sale | 43125 | 0.20 | | |
| | | | | 17/01/2020 | 2034 | Purchase | 45159 | 0.21 | | |
| | | | | 24/01/2020 | 7851 | Purchase | 53010 | 0.24 | | |
| | | | | 31/01/2020 | -11649 | Sale | 41361 | 0.19 | | |
| | | | | 07/02/2020 | 31025 | Purchase | 72386 | 0.33 | | |
| | | | | 14/02/2020 | 9863 | Purchase | 82249 | 0.38 | | |
| | | | | 21/02/2020 | -38324 | Sale | 43925 | 0.20 | | |
| | | | | 28/02/2020 | 16738 | Purchase | 60663 | 0.28 | | |
| | | | | 06/03/2020 | -24839 | Sale | 35824 | 0.16 | | |
| | | | | 13/03/2020 | 11042 | Purchase | 46866 | 0.21 | | |
| | | | | 20/03/2020 | -220 | Sale | 46646 | 0.21 | | |
| | | | | 27/03/2020 | 9532 | Purchase | 56178 | 0.26 | | |
| | | | | 31/03/2020 | 208746 | Purchase | 264924 | 1.21 | 264924 | 1.21 |
| 8. | SECUROCROP SECURITIES INDIA PRIVATE LIMITED | 123371 | 0.57 | 19/07/2019 | 172353 | Purchase | 295724 | 1.35 | | |
| | | | | 26/07/2019 | 91429 | Purchase | 387153 | 1.77 | | |
| | | | | 29/08/2019 | 233 | Purchase | 387386 | 1.77 | | |
| | | | | 27/09/2019 | 223203 | Purchase | 610589 | 2.80 | | |
| | | | | 30/09/2019 | -5500 | Sale | 605089 | 2.77 | | |
| | | | | 04/10/2019 | 1410 | Purchase | 606499 | 2.78 | | |
| | | | | 11/10/2019 | -13071 | Sale | 593428 | 2.72 | | |
| | | | | 18/10/2019 | 6281 | Purchase | 599709 | 2.75 | | |
| | | | | 25/10/2019 | 11671 | Purchase | 611380 | 2.80 | | |
| | | | | 01/11/2019 | 1411 | Purchase | 612791 | 2.81 | | |
| | | | | 08/11/2019 | 2342 | Purchase | 615133 | 2.82 | | |
| | | | | 15/11/2019 | 1961 | Purchase | 617094 | 2.83 | | |
| | | | | 22/11/2019 | 426 | Purchase | 617520 | 2.83 | | |
| | | | | 29/11/2019 | -55 | Sale | 617465 | 2.83 | | |
| | | | | 13/12/2019 | 3587 | Purchase | 621052 | 2.85 | | |
| | | | | 20/12/2019 | 3188 | Purchase | 624240 | 2.86 | | |

Annexure 'B' to the Directors' Report

| 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 |
| | | | | 03/01/2020 | 618 | Purchase | 624858 | 2.86 | | |
| | | | | 10/01/2020 | 5433 | Purchase | 630291 | 2.89 | | |
| | | | | 17/01/2020 | 22723 | Purchase | 653014 | 2.99 | | |
| | | | | 24/01/2020 | -2191 | Sale | 650823 | 2.98 | | |
| | | | | 31/01/2020 | -4728 | Sale | 646095 | 2.96 | | |
| | | | | 07/02/2020 | -22000 | Sale | 624095 | 2.86 | | |
| | | | | 14/02/2020 | 4520 | Purchase | 628615 | 2.88 | | |
| | | | | 21/02/2020 | -20631 | Sale | 607984 | 2.79 | | |
| | | | | 28/02/2020 | 5252 | Purchase | 613236 | 2.81 | | |
| | | | | 06/03/2020 | -15905 | Sale | 597331 | 2.74 | | |
| | | | | 13/03/2020 | -2361 | Sale | 594970 | 2.73 | | |
| | | | | 20/03/2020 | -5914 | Sale | 589056 | 2.70 | | |
| | | | | 27/03/2020 | -299665 | Sale | 289391 | 1.33 | | |
| | | | | 31/03/2020 | -30997 | Sale | 258394 | 1.18 | 258394 | 1.18 |
| 9. | BLP EQUITY RESEARCH PRIVATE LIMITED | 26629 | 0.12 | 28/06/2019 | 89100 | Purchase | 115729 | 0.53 | | |
| | | | | 26/07/2019 | -767 | Sale | 114962 | 0.53 | | |
| | | | | 16/08/2019 | -4580 | Sale | 110382 | 0.51 | | |
| | | | | 23/08/2019 | 252 | Purchase | 110634 | 0.51 | | |
| | | | | 29/08/2019 | 1557 | Purchase | 112191 | 0.51 | | |
| | | | | 30/08/2019 | -1101 | Sale | 111090 | 0.51 | | |
| | | | | 06/09/2019 | -2 | Sale | 111088 | 0.51 | | |
| | | | | 13/09/2019 | -409 | Sale | 110679 | 0.51 | | |
| | | | | 20/09/2019 | 1400 | Purchase | 112079 | 0.51 | | |
| | | | | 27/09/2019 | 426 | Purchase | 112505 | 0.52 | | |
| | | | | 30/09/2019 | 130 | Purchase | 112635 | 0.52 | | |
| | | | | 11/10/2019 | 1433 | Purchase | 114068 | 0.52 | | |
| | | | | 18/10/2019 | 16 | Purchase | 114084 | 0.52 | | |
| | | | | 08/11/2019 | 1216 | Purchase | 115300 | 0.53 | | |
| | | | | 15/11/2019 | -16 | Sale | 115284 | 0.53 | | |
| | | | | 22/11/2019 | -250 | Sale | 115034 | 0.53 | | |
| | | | | 06/12/2019 | -821 | Sale | 114213 | 0.52 | | |
| | | | | 13/12/2019 | 306 | Purchase | 114519 | 0.52 | | |
| | | | | 20/12/2019 | 1498 | Purchase | 116017 | 0.53 | | |
| | | | | 27/12/2019 | 127430 | Purchase | 243447 | 1.12 | | |
| | | | | 31/12/2019 | 172 | Purchase | 243619 | 1.12 | | |
| | | | | 03/01/2020 | 100 | Purchase | 243719 | 1.12 | | |
| | | | | 17/01/2020 | -2152 | Sale | 241567 | 1.11 | | |
| | | | | 24/01/2020 | -10194 | Sale | 231373 | 1.06 | | |

Annexure 'B' to the Directors' Report

| 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 |
| | | | | 07/02/2020 | -12437 | Sale | 218936 | 1.00 | | |
| | | | | 14/02/2020 | -50846 | Sale | 168090 | 0.77 | | |
| | | | | 21/02/2020 | 44147 | Purchase | 212237 | 0.97 | | |
| | | | | 28/02/2020 | 16758 | Purchase | 228995 | 1.05 | | |
| | | | | 06/03/2020 | -8758 | Sale | 220237 | 1.01 | | |
| | | | | 13/03/2020 | -2155 | Sale | 218082 | 1.00 | | |
| | | | | 20/03/2020 | -1000 | Sale | 217082 | 0.99 | | |
| | | | | 27/03/2020 | 3709 | Purchase | 220791 | 1.01 | | |
| | | | | 31/03/2020 | -4201 | Sale | 216590 | 0.99 | 216590 | 0.99 |
| 10. | GLOBE CAPITAL MARKET LIMITED | 305291 | 1.40 | 05/04/2019 | 86439 | Purchase | 391730 | 1.79 | | |
| | | | | 12/04/2019 | -1001 | Sale | 390729 | 1.79 | | |
| | | | | 03/05/2019 | 16000 | Purchase | 406729 | 1.86 | | |
| | | | | 10/05/2019 | 3799 | Purchase | 410528 | 1.88 | | |
| | | | | 17/05/2019 | 1324 | Purchase | 411852 | 1.89 | | |
| | | | | 24/05/2019 | 61 | Purchase | 411913 | 1.89 | | |
| | | | | 31/05/2019 | -6470 | Sale | 405443 | 1.86 | | |
| | | | | 07/06/2019 | -12000 | Sale | 393443 | 1.80 | | |
| | | | | 21/06/2019 | -5 | Sale | 393438 | 1.80 | | |
| | | | | 28/06/2019 | -92000 | Sale | 301438 | 1.38 | | |
| | | | | 05/07/2019 | 2071 | Purchase | 303509 | 1.39 | | |
| | | | | 12/07/2019 | -4259 | Sale | 299250 | 1.37 | | |
| | | | | 19/07/2019 | -40013 | Sale | 259237 | 1.19 | | |
| | | | | 26/07/2019 | 209211 | Purchase | 468448 | 2.15 | | |
| | | | | 02/08/2019 | 13555 | Purchase | 482003 | 2.21 | | |
| | | | | 09/08/2019 | 1000 | Purchase | 483003 | 2.21 | | |
| | | | | 23/08/2019 | -200 | Sale | 482803 | 2.21 | | |
| | | | | 29/08/2019 | -200 | Sale | 482603 | 2.21 | | |
| | | | | 20/09/2019 | -5333 | Sale | 477270 | 2.19 | | |
| | | | | 27/09/2019 | -3884 | Sale | 473386 | 2.17 | | |
| | | | | 30/09/2019 | 741 | Purchase | 474127 | 2.17 | | |
| | | | | 04/10/2019 | -130000 | Sale | 344127 | 1.58 | | |
| | | | | 18/10/2019 | 100 | Purchase | 344227 | 1.58 | | |
| | | | | 25/10/2019 | -1200 | Sale | 343027 | 1.57 | | |
| | | | | 01/11/2019 | 2000 | Purchase | 345027 | 1.58 | | |
| | | | | 08/11/2019 | 142460 | Purchase | 487487 | 2.23 | | |
| | | | | 15/11/2019 | 160 | Purchase | 487647 | 2.23 | | |
| | | | | 22/11/2019 | -4173 | Sale | 483474 | 2.21 | | |
| | | | | 13/12/2019 | -1650 | Sale | 481824 | 2.21 | | |
| | | | | 27/12/2019 | -127833 | Sale | 353991 | 1.62 | | |

Annexure 'B' to the Directors' Report

| 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 |
| | | | | 31/12/2019 | -741 | Sale | 353250 | 1.62 | | |
| | | | | 03/01/2020 | 1900 | Purchase | 355150 | 1.63 | | |
| | | | | 10/01/2020 | 2000 | Purchase | 357150 | 1.64 | | |
| | | | | 17/01/2020 | 1650 | Purchase | 358800 | 1.64 | | |
| | | | | 07/02/2020 | -20000 | Sale | 338800 | 1.55 | | |
| | | | | 21/02/2020 | -57864 | Sale | 280936 | 1.29 | | |
| | | | | 13/03/2020 | 150 | Purchase | 281086 | 1.29 | | |
| | | | | 20/03/2020 | -132534 | Sale | 148552 | 0.68 | | |
| | | | | 27/03/2020 | -11997 | Sale | 136555 | 0.63 | | |
| | | | | 31/03/2020 | -7720 | Sale | 128835 | 0.59 | 128835 | 0.59 |

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) | 1938927 | 8.88 | - | - | - | 1938927 | 8.88 |
| 2. | MR.VISHNU DUTT KHANDELWAL (Executive Vice Chairman) | 720200 | 3.30 | - | - | - | 720200 | 3.30 |
| 3. | MR. SHARAD SHARMA (Managing Director & CEO) | 875583 | 4.01 | - | - | - | 875583 | 4.01 |
| 4. | MR. RAJESH SHARMA (Joint Managing Director)* | 1095529 | 5.02 | - | - | - | 1095529 | 5.02 |
| 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) | 8321 | 0.04 | 17/01/2020 | 872 | Sale | 7449 | 0.03 |
| 9. | MR. ANOOP GUPTA (Non-Executive Independent Director) | - | - | - | - | - | - | - |
| 10. | MR. ABHILASH LAL (Non-Executive Independent Director) | - | - | - | - | - | - | - |

Annexure 'B' to the Directors' Report

| 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 |
| 11. | MR. NARAYANAN SUBRAMANIAM (Non-Executive Independent Director)# | - | - | - | - | - | - | - |
| 12. | MRS. SHOBHA CHATURVEDI (Non-Executive Independent Director)@ | - | - | - | - | - | - | - |
| 13. | MRS. SEEMA SHARMA (Non-Executive Non-Independent Director) | 269215 | 1.23 | - | - | - | 269215 | 1.23 |
| B. Key Managerial Personnel (KMPs) | | | | | | | | |
| 1. | MR. GOPAL AGARWAL (Chief Financial Officer) | 22433 | 0.10 | - | - | - | 22433 | 0.10 |
| 2. | MR. BHARAT KUMAR SAJNANI (Company Secretary) | 100 | 0.00 | 25/03/2020 | 50 | Purchase | 150 | 0.00 |

*Appointed and re-designated as Joint Managing Director of the Company w.e.f. 1st August, 2019.

Ceased to be an Independent Director of the Company w.e.f. 5th September, 2019 upon completion of term of office.

@Inducted as an Additional (Non-Executive Independent) Director on the Board of the Company w.e.f. 5th September, 2019.

V. INDEBTEDNESS

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

(₹ in lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 9737.35 | 661.50 | - | 10398.85 |
| ii) Interest due but not paid | 25.17 | 5.69 | - | 30.86 |
| iii) Interest accrued but not due | 17.67 | 0.00 | - | 17.67 |
| Total (i+ii+iii) | 9780.19 | 667.19 | - | 10447.38 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 3273.34 | 316.00 | - | 3589.34 |
| Reduction | 4579.67 | 233.00 | - | 4812.67 |
| Net Change | (1306.33) | 83.00 | - | (1223.33) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 8431.02 | 744.50 | - | 9175.52 |
| ii) Interest due but not paid | 22.46 | 5.44 | - | 27.90 |
| iii) Interest accrued but not due | 33.95 | - | - | 33.95 |
| Total (i+ii+iii) | 8487.43 | 749.94 | - | 9237.37 |

Annexure 'B' to the Directors' Report

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakh)

| S. No. | Particulars of Remuneration | Name of the MD/WTD/Manager | | | | Total Amount |
|--------|---|---|-------------------|--------------------|---------------------------|---------------|
| | | Mr. Vishnu Dutt Khandelwal | Mr. Sharad Sharma | 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 | 24.00 | 24.00 | 24.00 | 24.94 | 96.94 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0.32 | 0.40 | 0.40 | 0.46 | 1.58 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. | Stock option | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3. | Sweat Equity | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. | Commission | | | | | |
| | -as % of profit | 240.00 | 240.00 | 240.00 | 0.00 | 720.00 |
| | -others (specify) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 5. | Others, please specify | NIL | NIL | NIL | NIL | NIL |
| | Total (A) | 264.32 | 264.40 | 264.40 | 25.40 | 818.52 |
| | Ceiling as per the Act | 10% of the Net Profit calculated under Section 198 of the Companies Act, 2013. | | | | 902.37 |

*Appointed and re-designated as Joint Managing Director of the Company w.e.f. 1st August, 2019.

B. Remuneration to other directors:

(₹ in lakh)

| S. No. | Particulars of Remuneration | Name of the Directors | | | | | | | Total Amount |
|--------|--|--|--------------------------|-------------------------|-----------------|------------------|----------------------------|-------------------------|---------------|
| | | Mr. Pradeep Kumar Goenka | Mr. Surendra Kumar Kabra | Mr. Vishwa Nath Chandak | Mr. Anoop Gupta | Mr. Abhilash Lal | Mr. Narayanan Subramaniam# | Mrs. Shobha Chaturvedi@ | |
| 1. | Independent Directors | | | | | | | | |
| | (a) Fee for attending board/committee meetings | 0.50 | 0.30 | 0.30 | 0.25 | 0.35 | 0.00 | 0.15 | 1.85 |
| | (b) Commission | 4.54 | 2.73 | 2.73 | 2.27 | 3.18 | 0.00 | 2.50 | 17.95 |
| | (c) Others, please specify | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| | Total (1) | 5.04 | 3.03 | 3.03 | 2.52 | 3.53 | 0.00 | 2.65 | 19.80 |
| 2. | Other Non-Executive Directors | | | | | | | | |
| | (a) Fee for attending board/committee meetings | 0.30 | 0.30 | | | | | | 0.60 |
| | (b) Commission | 4.29 | 22.00 | | | | | | 26.29 |
| | (c) Others, please specify. | NIL | NIL | | | | | | NIL |
| | Total (2) | 4.59 | 22.30 | | | | | | 26.89 |
| | Total (B)=(1+2) | | | | | | | | 46.69 |
| | Total Managerial Remuneration (Total A+B) | | | | | | | | 865.21 |
| | Overall Ceiling as per the Act | 11% of the net profits as per Section 198 of the Companies Act, 2013. | | | | | | | 992.60 |

Ceased to be an Independent Director of the Company w.e.f. 5th September, 2019 upon completion of term of office.

@Inducted as an Additional (Non-Executive Independent) Director on the Board of the Company w.e.f. 5th September, 2019.

Annexure 'B' to the Directors' Report

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(₹ in lakh)

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|--------|---|--|--|--------------|
| | | Mr. Gopal Agarwal (Chief Financial Officer) | Mr. Bharat Kumar Sajnani (Company Secretary) | |
| 1. | Gross Salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 26.88 | 10.12 | 37.00 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0.32 | 0.05 | 0.37 |
| | (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | 0.00 | 0.00 | 0.00 |
| 2. | Stock Option | 0.00 | 0.00 | 0.00 |
| 3. | Sweat Equity | 0.00 | 0.00 | 0.00 |
| 4. | Commission | | | |
| | -as % of profit | 0.00 | 0.00 | 0.00 |
| | -others, specify | 0.00 | 0.00 | 0.00 |
| 5. | Others, please specify | 0.00 | 0.00 | 0.00 |
| | Total | 27.20 | 10.17 | 37.37 |

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 | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | NIL | | |
| Compounding | | | | | |

Annexure 'C' Secretarial Audit Report

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2020

[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,
 CIN: L51109UP1987PLC009090
 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') for the Financial year ended 31st March, 2020. The 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, 2020 ('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, 2020, 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, 2018 [**Not applicable as there was no reportable event during the Audit Period**];
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [**Not applicable as the Company has not implemented any Scheme 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 there was no reportable event during the Audit Period**];
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [**Not applicable as there was no reportable event during the period under review**]; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (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,

Annexure 'C' Secretarial Audit Report

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) read with 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 subject to following observation:-

- (i) *There has been a delay in filing of Corporate Governance Report as per Regulation 27(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with BSE Limited for the quarter ended 31st December, 2019 by a period of five days (Report to be filed within fifteen days from the end of the quarter) and BSE Limited has imposed a fine of ₹11,800/- (inclusive of GST @18%) for this non-compliance.*
- (ii) *Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has spent an amount of ₹124.42 Lakhs on CSR activities as against ₹137.20 Lakhs required to be spent during the financial year ended 31st March, 2020, which is less than two percent of the average net profits of the Company made during the three immediately preceding financial years.*

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 including Woman Independent 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 Board 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 the 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 and as informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the Audit Period there were following specific events / actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards etc.:

- (a) The Members at the 30th Annual General Meeting of the Company held on 5th September, 2019 passed a Special Resolution approving alteration of Article Nos. 86 and 103 of the Articles of Association of the Company with respect to the office of Managing Director of the Company which has now been subjected to retirement by rotation.
- (b) The Company has incorporated a wholly-owned subsidiary company in the name and style of 'Ganesh EcoPET Private Limited' (CIN:U37100UP2019PTC123520) on 19th November, 2019 in the State of Uttar Pradesh by subscribing 1,00,00,000 (One Crore) Equity Shares of ₹10/- each aggregating to Rupees 10,00,00,000/- (Rupees Ten Crores only) in its name and through its Nominee representing 100% Paid-up share capital of the said Company.

For S.K.Gupta & Co.
Company Secretaries

(S.K.GUPTA)

Managing Partner

F.C.S-2589

CP-1920

Place: Kanpur

Date: 22nd June, 2020

UDIN:F002589B000363721

Note: This Report to be read with our letter of even date which is marked as Annexure and forms an integral part of this Report.

Annexure to the Secretarial Audit Report

To,
The Members,
Ganesha Ecosphere Limited
[CIN: L51109UP1987PLC009090]
Raipur (Rania), Kalpi Road,
Distt. Kanpur Dehat (U.P.)

OUR SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 31ST MARCH, 2020 IS TO BE READ ALONG WITH THIS LETTER

Management's Responsibility

1. It is the responsibility of the Management of the Company to maintain Secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operating effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these Secretarial records, Standards and procedures followed by the Company with respect to Secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Place: Kanpur
Date: 22nd June, 2020

For S.K.Gupta & Co.
Company Secretaries

(S.K.GUPTA)
Managing Partner
F.C.S-2589
CP-1920
UDIN:F002589B000363721

Annexure 'D' to the Directors' Report

Report on Corporate Social Responsibility (CSR) Activities/Initiatives for the year ended 31st March, 2020

(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 <http://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:

- Promotion of Education at pre-school and school level.
- Providing environmentally sustainable social infrastructure.
- Providing better health facilities and combating disease.
- 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:

₹6856.66 Lakh

4. PRESCRIBED CSR EXPENDITURE (2% OF THE AMOUNT AS IN ITEM 3 ABOVE):

₹137.13 Lakh

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:

(a) Total amount to be spent for the financial year: ₹137.20 Lakh

(b) Total Amount Spent for the Financial Year: ₹124.42 Lakh

(c) Amount unspent, if any: ₹12.78 Lakh

(D) MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR IS DETAILED BELOW:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|------------------------------------|--|---|---|---|---|---|
| S. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over-heads | Cumulative expenditure up to the reporting period (₹) | Amount Spent: Direct or through implementing agency |
| 1 | Health Care | Promoting Healthcare including preventive healthcare | <ul style="list-style-type: none"> Kanpur (U.P.) Rudrapur (Uttarakhand) Rampur (U.P.) | 4,49,322/- | Direct Expenditure | 4,49,322/- | Direct |

Annexure 'D' to the Directors' Report

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|-------------------------------------|--|---|---|--|---|---|
| S. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub- heads: (1) Direct Expenditure on projects or programs (2) Over-heads | Cumulative expenditure up to the reporting period (₹) | Amount Spent: Direct or through implementing agency |
| 2 | Health Care | Promoting Healthcare including preventive healthcare | Kanpur (U.P.) | 4,60,200/- | Direct Expenditure | 4,60,200/- | Nar Sewa Narayan Sewa Trust |
| 3 | Education | Promoting Education among children, differently abled & orphan | <ul style="list-style-type: none"> • Kanpur (U.P.) • Mumbai (Maharashtra) • Kolkata (W.B.) | 2,67,000/- | Direct Expenditure | 2,67,000/- | <ul style="list-style-type: none"> a) Blind Organization of India b) Jyoti Bal Badhir Vidhyala c) Talent Development Council d) Kamakhya Balak Ashram |
| 4 | Health Care, Education & Sanitation | <ul style="list-style-type: none"> • Promoting Healthcare including preventive healthcare • Promoting Education among children & differently abled • Sanitation | <ul style="list-style-type: none"> • Kanpur (U.P.) • Rudrapur (Uttarakhand) • Rampur (U.P.) | 93,65,000/- | Direct Expenditure | 93,65,000/- | Ganesh Memorial Trust |
| 5 | Solar Street Light installation | Rural Development | Kanpur Dehat | 2,80,000/- | Direct Expenditure | 0* | Direct |
| 6 | PM Cares Fund | Disaster Management including relief | PAN India | 10,00,000/- | Direct Expenditure | 10,00,000/- | Direct |
| 7 | Covid-19 Pandemic Relief Measure | <ul style="list-style-type: none"> • Disaster Management including relief • Eradicating Hunger | Kanpur Dehat | 9,00,000/- | Direct Expenditure | 9,00,000/- | Kanpur Parivartan Forum |

Annexure 'D' to the Directors' Report

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------|--|--|---|---|---|---|---|
| S. No. | CSR Project or activity Identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise (₹) | Amount spent on the projects or programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Over-heads | Cumulative expenditure up to the reporting period (₹) | Amount Spent: Direct or through implementing agency |
| 8 | State & Domestic Relief Funds for Covid-19 | Disaster Management including relief | <ul style="list-style-type: none"> • Uttar Pradesh • Uttarakhand | 10,00,000/- | Direct Expenditure | 0* | <ul style="list-style-type: none"> a) Chief Minister Relief Fund, Uttrakhand b) Chief Minister Distress Relief Fund UP c) Corona Covid Care Rampur |
| Total | | | | 1,37,21,522/- | | 1,24,41,522/- | |

*Refer point 6 of this Annexure.

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.

The Company's CSR obligation pursuant to Section 135(5) of the Companies Act, 2013 for the year 2019-20 was ₹137.20 lakh. As against this, the Company has spent ₹124.42 lakh on CSR, leaving a shortfall of ₹12.78 lakh. Shortfall in the money to be spent on CSR was caused due to the following reasons:

- The Company's project for Solar Street Light installation in the village of Kanpur Dehat, amounting to ₹2.80 lakh could not be completed due to lockdown during COVID-19 Pandemic.

- The contribution of ₹10,00,000/- towards the Chief Minister's Relief Funds & District Relief Fund to combat COVID-19, did not qualify as admissible CSR expenditure in terms of the clarification issued by the Ministry of Corporate Affairs vide its General Circular No. 15 /2020 dated 10.04.2020.

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 Sharma)
Chairman

(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, 2020:

I. CONSERVATION OF ENERGY

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

The Company has always been a frontrunner in constantly improving its operational performance in all areas while giving due importance to conservation of energy. During the year under review, the following specific measures have been taken by the Company for continual improvement of process metrics across all energy consuming facilities:

- i) Roof Top Solar Power plant of 5.08 MW has been installed resulting into reduction in annual power cost ~ 5%.
- ii) Use of cross ventilation system in machine control rooms for panel's cooling.
- iii) Designed auto speed control of TFO machine in Yarn Division, resulting into saving of yarn breakage and enhancement of its quality.
- iv) Using VFD in speed regulation of motors for power saving.
- v) The heat isolation pads are put on the areas like extruder barrels to preserve the heat.
- vi) To reduce power consumption of cooling tower fans, Temperature Controlling System has been provided to run the fan according to water temperature which subsequently reduced the running hour of fans motor.
- vii) Automatic on/off systems installed in the motors to reduce the water wastage and electricity consumption.
- viii) Wastage of power due to usage of unwanted lights in day time has been reduced through daily manual checking procedure to control the on/off time of building lights in day time.
- ix) Water consumption reduced by optimizing water flow for process machines. Re-use of water in washing facility process and machines to reduce overall water consumption.
- x) Maintenance of the machines as per schedule resulting into improved efficiency and saving in energy consumption.
- xi) Improved efficiency of own power generation by usage of diesel generator only for emergencies and as stand by.

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

The Company has installed roof-top solar power plant to harness renewable energy and reducing carbon footprints. At present, the Company is having solar power generation capacity of 5.08 MW and an addition of 1.87 MW is under installation. 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:

The Company is having latest state of the art plant and machinery and has the policy of continuous modernization and upgradation of machines. In our philosophy to continuously upgrade ourselves from a technological standpoint, the following efforts have been made:

- a) Product development and customization.
- b) Upgradation of processes for cycle time reduction.

Annexure 'E' to the Directors' Report

- c) Process improvements to reduce emissions and wastes.
- d) Technology absorption from Technical Journals and attending of National and International Exhibitions/ Seminars.

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

- a) Waste minimization,
- b) Energy saving,
- c) Enhanced operational productivity and efficiency,
- d) Diversity of product mix and production of value added new products,
- e) Reduced carbon footprints and environmental improvement.

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 outgo are as under:

| | (₹ in lakh) | |
|---|-----------------------------|-----------------------------|
| | Financial Year (2019-20) | Financial Year (2018-19) |
| A) Foreign Exchange earnings (F.O.B. Value) | 5,881.80 | 6,839.85 |
| B) Foreign Exchange outgo | 7,276.94 | 16,121.41 |

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 2019-20 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

| S. No. | Name | Designation | Remuneration in F.Y. 2019-20 (₹ in lacs) | Remuneration in F.Y. 2018-19 (₹ in lacs) | % increase/ (decrease) in remuneration | Ratio of remuneration of each Director to the median remuneration of employees |
|--------|----------------------------|---------------------------|---|---|--|---|
| 1. | Mr. Shyam Sunder Sharmma | Non- Executive Chairman* | 22.30 | 21.39 | 4.25 | 18.28 |
| 2. | Mr. Sharad Sharma | Managing Director & CEO | 264.40 | 94.40 | 180.08 ^e | 216.72 |
| 3. | Mr. Vishnu Dutt Khandelwal | Executive Vice-Chairman | 264.32 | 101.72 | 159.85 ^e | 216.66 |
| 4. | Mr. Rajesh Sharma@ | Joint Managing Director | 264.40 | 101.80 | 159.72 ^e | 216.72 |
| 5. | Mr. Surendra Kumar Kabra | Independent Director* | 3.03 | 3.63 | (16.53) | 2.48 |
| 6. | Mr. Vishwa Nath Chandak | Independent Director* | 3.03 | 4.24 | (28.54) | 2.48 |
| 7. | Mr. Pradeep Kumar Goenka | Independent Director* | 5.05 | 5.45 | (7.34) | 4.14 |
| 8. | Mr. Anoop Gupta | Independent Director* | 2.52 | 0.61 | 313.11 | 2.07 |
| 9. | Mr. Gopal Singh Shekhavat | Director (Administration) | 25.40 | 22.70 | 11.89 | 20.82 |
| 10. | Mr. Abhilash Lal | Independent Director* | 3.53 | 4.24 | (16.75) | 2.89 |
| 11. | Mrs. Seema Sharma | Non-Executive Director* | 4.59 | 4.20 | 9.29 | 3.76 |
| 12. | Mrs. Shobha Chaturvedi# | Independent Director* | 2.65 | N.A. | N.A. | --^ |
| 13. | Mr. Gopal Agarwal | Chief Financial Officer | 27.20 | 24.50 | 11.02 | N.A. |
| 14. | Mr. Bharat Kumar Sajnani | Company Secretary | 10.17 | 10.81 | (5.92) | N.A. |

*Appointed and re-designated as Joint Managing Director of the Company w.e.f. 1st August, 2019.

#Inducted as an Additional (Non-Executive Independent) Director on the Board of the Company w.e.f. 5th September, 2019.

*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% of the net profits of the Company, as approved by the shareholders.

^Since the remuneration is only for part of the year, the ratio of her remuneration to median remuneration is not comparable and therefore, not stated.

^eThe increase in the remuneration is as per the Remuneration Policy of the Company and within the limits approved by the Members. Since during the previous year 2018-19, the Board of Directors had restricted the amount of Performance Linked Remuneration payable to Shri Vishnu Dutt Khandelwal, Shri Sharad Sharma and Shri Rajesh Sharma, therefore their remuneration for the financial year 2019-20 reflects higher increase in comparison to the previous year.

- ii. During the year 2019-20, there was an increase of 8.61% in median remuneration of employees.
- iii. There were 2723 permanent employees on the roll of the Company as on 31st March, 2020.
- iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the Financial Year 2019-20 was 11.39%, whereas the increase in the managerial remuneration for the same financial year was 136.77%. (Refer note above)
- v. It is hereby affirmed that the remuneration paid during the Financial Year ended 31st March, 2020 is as per the remuneration policy of the Company.

Corporate Governance Report 2019-20

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, 2020 are as under:

| S. No. | Name of Director | Category | No. of Board Meetings during tenure | | Whether present at the last Annual General Meeting held on 05.09.2019 | No. of Boards / Committees of Indian Public Limited Companies (including Ganesh Ecosphere Ltd.) | | | Directorship in Other Listed Entities and Category of Directorship |
|--------|---|--------------------------------------|-------------------------------------|----------|---|---|--|--------|--|
| | | | Held | Attended | | Directorship | Committee (only Audit Committee & Stakeholders Relationship Committee) | Member | |
| 1. | Mr. Shyam Sunder Sharmma DIN: 00530921 | Promoter Non-Executive Director | 7 | 6 | Yes | 1 | 1 | - | - |
| 2. | Mr. Vishnu Dutt Khandelwal DIN: 00383507 | Promoter Executive Director | 7 | 7 | Yes | 2 | 2 | - | - |
| 3. | Mr. Sharad Sharma DIN: 00383178 | Promoter Executive Director | 7 | 6 | Yes | 2 | 1 | - | - |
| 4. | Mr. Rajesh Sharma* DIN: 02228607 | Promoter Executive Director | 7 | 4 | No | 2 | - | - | - |
| 5. | Mr. Gopal Singh Shekhavat DIN: 06591844 | Executive Director | 7 | 3 | No | 2 | - | - | - |
| 6. | Mrs. Seema Sharma DIN: 07466530 | Promoter Non- Executive Director | 7 | 6 | Yes | 1 | - | - | - |
| 7. | Mr. Surendra Kumar Kabra\$ DIN: 01280980 | Non- Executive/ Independent Director | 7 | 3 | No | 2 | 1 | - | Aditya Ispat Limited (Non- Executive- Non Independent Director) |
| 8. | Mr. Pradeep Kumar Goenka\$ DIN: 00404746 | Non- Executive/ Independent Director | 7 | 6 | Yes | 2 | 2 | 2 | - |

Corporate Governance Report 2019-20

| S. No. | Name of Director | Category | No. of Board Meetings during tenure | | Whether present at the last Annual General Meeting held on 05.09.2019 | No. of Boards / Committees of Indian Public Limited Companies (including Ganesha Ecosphere Ltd.) | | | Directorship in Other Listed Entities and Category of Directorship |
|--------|---|--------------------------------------|-------------------------------------|----------|---|--|--|--------|--|
| | | | Held | Attended | | Directorship | Committee (only Audit Committee & Stakeholders Relationship Committee) | Member | |
| 9. | Mr. Vishwa Nath Chandak\$ DIN: 00313035 | Non- Executive/ Independent Director | 7 | 3 | No | 2 | 3 | - | Mangalam Timber Products Ltd. (Non- Executive-Independent Director) |
| 10. | Mr. Anoop Gupta\$ DIN: 00153340 | Non-Executive/ Independent Director | 7 | 3 | No | 5 | 1 | - | - |
| 11. | Mr. Abhilash Lal\$ DIN: 03203177 | Non- Executive/ Independent Director | 7 | 4 | No | 3 | 3 | - | APL Apollo Tubes Limited (Non- Executive-Independent Director) Apollo Pipes Limited (Non- Executive-Independent Director) |
| 12. | Mr. Narayanan Subramaniam# DIN: 00166621 | Non- Executive/ Independent Director | 3 | - | No | NA | NA | NA | NA |
| 13. | Mrs. Shobha Chaturvedi@ DIN: 08553800 | Non- Executive/ Independent Director | 3 | 3 | NA | 1 | - | - | - |

*Appointed and re-designated as Joint Managing Director of the Company w.e.f. 1st August, 2019.

\$Re-appointed as Independent Directors for a second term w.e.f. 5th September, 2019.

#Ceased to be an Independent Director of the Company w.e.f. 5th September, 2019 upon completion of term of office.

@Inducted as an Additional (Non- Executive Independent) Director on the Board of the Company w.e.f. 5th September, 2019.

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').

Relationship between Directors inter-se:

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.

Shareholding of Non-Executive Directors:

As on 31st March, 2020, the shareholding of non-executive directors in the Company is as follows:

| Name of the Director | Shareholding as on 31st March, 2020 |
|--------------------------|-------------------------------------|
| Mr. Shyam Sunder Sharmma | 19,38,927 Equity Shares |
| Mrs. Seema Sharma | 2,69,215 Equity Shares |
| Mr. Pradeep Kumar Goenka | 7,449 Equity Shares |

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 seven 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. | 30.05.2019 | 12 | 10 |
| 2. | 01.08.2019 | 12 | 9 |
| 3. | 24.08.2019 | 12 | 4 |
| 4. | 05.09.2019 | 11 | 5 |
| 5. | 21.10.2019 | 12 | 5 |
| 6. | 09.11.2019 | 12 | 10 |
| 7. | 08.02.2020 | 12 | 11 |

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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.

Key Skills/Expertise/Competencies of the Board:

The list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of Company's business operations for it to function effectively and those actually available with the Board are as follows:

- Leadership / Operational Experience;
- Industry Specific Knowledge and Experience;
- Risk Management & Strategic Planning;
- Legal and Regulatory Matters;
- Knowledge of Finance and related aspects;
- Corporate Governance; &
- Personal Attributes such as Integrity, Accountability etc.



- | | | |
|------------------------------|-----------------------------|---------------------------|
| 1 Mr. Shyam Sunder Sharmma | 5 Mr. Gopal Singh Shekhavat | 9 Mr. Vishwa Nath Chandak |
| 2 Mr. Vishnu Dutt Khandelwal | 6 Mrs. Seema Sharma | 10 Mr. Anoop Gupta |
| 3 Mr. Sharad Sharma | 7 Mr. Surendra Kumar Kabra | 11 Mr. Abhilash Lal |
| 4 Mr. Rajesh Sharma | 8 Mr. Pradeep Kumar Goenka | 12 Mrs. Shobha Chaturvedi |

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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. <http://ganeshaecosphere.com/wp-content/uploads/2020/06/Terms-and-Condition-of-appointment-of-Independent-Directors.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 available on the Company's website at the following web link:

<http://ganeshaecosphere.com/wp-content/uploads/2020/05/Details-of-familiarization-programmes-imparted-to-Independent-Directors.pdf>

E. Separate Meeting of the Independent Directors:

During the year ended 31st March, 2020, one Independent Directors' Meeting was held on 8th February, 2020. At the meeting, the Independent Directors inter-alia:

1. Evaluated the performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluated performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
3. Evaluated 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.

All Independent Directors were present at the meeting.

F. Confirmation by the Board:

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and are independent of the management.

G. 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 Mr. Sharad Sharma, Managing Director & Chief Executive Officer of the Company, is enclosed at the end of this report. Code of Conduct of the Company is available on the website of the Company at www.ganeshaecosphere.com/code-of-conduct.

3. COMMITTEES OF THE BOARD:

As on 31st March, 2020, the Company has seven Board level Committees:

- A. Audit Committee,
- B. Nomination and Remuneration Committee,
- C. Stakeholders Relationship Committee,
- D. Corporate Social Responsibility Committee,
- E. Management Committee,
- F. Capital Raising Committee, and
- G. Risk Management & Strategic Planning 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 31st March, 2020, 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., LL.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 Sajani, Company Secretary of the Company also acts as Secretary to the Committee.

Terms of Reference:

The terms of reference of the Audit Committee are in conformity with the requirements specified in 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.

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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.

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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, 2020, four Audit Committee Meetings were held on 30.05.2019, 01.08.2019, 09.11.2019 and 08.02.2020. Chief Financial Officer, Internal Auditors, Cost Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

Details of the Attendance at the Meetings are as follows:

| S. No. | Name of Director | Category | No. of Committee meeting during the tenure | |
|--------|------------------------------------|--------------------------------------|--|----------|
| | | | Held | Attended |
| 1. | Mr. Pradeep Kumar Goenka, Chairman | Non- Executive/ Independent Director | 4 | 4 |
| 2. | Mr. Surendra Kumar Kabra | Non- Executive/ Independent Director | 4 | 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 | 3 |

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 5th September, 2019.

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(4) 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.
5. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Meetings:

During the year ended 31st March, 2020, three Nomination and Remuneration Committee Meetings were held on 01.08.2019, 09.11.2019 and 08.02.2020.

Details of Attendance at the Meetings are as follows:

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

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Remuneration Policy:

The Company has adopted Policy on Nomination, Remuneration and Board Diversity which is available on the website of the Company at the link <http://ganeshaeosphere.com/wp-content/uploads/2016/08/Policy-on-Nomination-Remuneration-And-Board-Diversity.pdf>

Details of Remuneration of the Directors for the financial year 2019-20:

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 | Designation | Salary & Allowances (₹) | Perquisites (₹) | Performance Linked Remuneration (₹) | Tenure |
|----------------------------|---------------------------|-------------------------|-----------------|-------------------------------------|-----------------------------------|
| Mr. Vishnu Dutt Khandelwal | Executive Vice Chairman | 24,00,000/- | 32,400/- | 2,40,00,000/- | 5 years (from 19th June, 2018) |
| Mr. Sharad Sharma | Managing Director | 24,00,000/- | 39,600/- | 2,40,00,000/- | 5 years (from 1st February, 2019) |
| Mr. Rajesh Sharma* | Joint Managing Director | 24,00,000/- | 39,600/- | 2,40,00,000/- | 5 years (from 19th June, 2018) |
| Mr. Gopal Singh Shekhawat | Director (Administration) | 24,93,600/- | 46,057/- | - | 5 years (from 1st June, 2018) |

*Appointed and re-designated as Joint Managing Director of the Company w.e.f. 1st August, 2019.

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 28th 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 2019-20 amongst the Non-Executive Directors (except Chairman of the Company) 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 13.02.2018).

The Board at its meeting held on 22nd June, 2020, decided a remuneration of ₹22,00,000/- as commission payable to Mr. Shyam Sunder Sharmma, Chairman, for the F.Y. 2019-20 in view of his valuable contribution and entrepreneurial leadership.

The Details of Sitting Fees Paid and Commission payable to such directors for the year 2019-20 are as follows:

| Name of Directors | Sitting Fees (₹) | Commission (₹) | Tenure |
|--------------------------|------------------|----------------|------------------------------------|
| Mr. Surendra Kumar Kabra | 30,000/- | 2,72,727/- | 5 years (from 5th September, 2019) |
| Mr. Pradeep Kumar Goenka | 50,000/- | 4,54,545/- | 5 years (from 5th September, 2019) |
| Mr. Vishwa Nath Chandak | 30,000/- | 2,72,727/- | 3 years (from 5th September, 2019) |
| Mr. Anoop Gupta | 25,000/- | 2,27,273/- | 1 year (from 5th September, 2019) |
| Mr. Abhilash Lal | 35,000/- | 3,18,182/- | 5 years (from 5th September, 2019) |
| Mrs. Seema Sharma | 30,000/- | 4,28,571/- | N.A. |
| Mr. Shyam Sunder Sharmma | 30,000/- | 22,00,000/- | N.A. |
| Mrs. Shobha Chaturvedi# | 15,000/- | 2,50,000/- | 5 years (from 5th September, 2019) |

#Inducted as an Additional (Non- Executive Independent) Director on the Board of the Company w.e.f. 5th September, 2019.

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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 terms of reference of Stakeholders Relationship Committee shall inter-alia include the following:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Company's Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Issuance of certificates of securities upon split/consolidation/ renewal/ re-materialisation thereof and issuance of duplicate certificates of securities.

The Committee also oversees the working of Registrar and Transfer Agents of the Company.

Meetings:

During the year ended 31st March, 2020, seven Stakeholders Relationship Committee Meetings were held on 25.05.2019, 08.06.2019, 27.07.2019, 22.08.2019, 28.09.2019, 09.11.2019 and 21.01.2020.

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 | 7 | 7 |
| 2. | Mr. Shyam Sunder Sharmma | Promoter Non- Executive Director | 7 | 3 |
| 3. | Mr. Vishnu Dutt Khandelwal | Promoter Executive Director | 7 | 6 |
| 4. | Mr. Sharad Sharma | Promoter Executive Director | 7 | 6 |

Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2020, are as under:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| Nil | 10 | 10 | Nil |

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As on 31st March, 2020, no request for transfer / transmission was pending for approval.

Compliance Officer:

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

D. 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:

Terms of Reference of the Committee inter alia include the following:

- a) 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.
- b) To review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above.
- c) To monitor the CSR Policy of the Company from time to time.
- d) To institute a transparent monitoring mechanism for implementation of the CSR projects/programs/ activities undertaken by the Company.
- e) 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, 2020, two Corporate Social Responsibility (CSR) Committee Meetings were held on 30.05.2019 and 08.02.2020.

E. MANAGEMENT COMMITTEE

Composition:

The Management Committee of the Board consists of four directors namely, Mr. Shyam Sunder Sharmma (Chairman), Mr. Vishnu Dutt Khandelwal, Mr. Sharad Sharma and Mr. Pradeep Kumar Goenka.

Terms of Reference:

Terms of Reference of the Committee inter alia include the following:

- a) To review banking arrangements and cash management,
- b) 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,

- c) To approve opening/ closing and operation of Bank Accounts,
- d) 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,
- e) To delegate authorities & operational powers from time to time to the executives/ authorised persons.
- f) To review regularly and make recommendations about changes to the charter of the Committee.

Meetings:

During the year ended 31st March, 2020, two Management Committee Meetings were held on 11.10.2019 and 03.01.2020.

F. CAPITAL RAISING COMMITTEE

Composition:

The Capital Raising Committee of the Board consists of four Directors namely, Mr. Vishnu Dutt Khandelwal (Chairman), Mr. Sharad Sharma, Mr. Anoop Gupta and Mr. Abhilash Lal. Mr. Narayanan Subramaniam ceased to be the member of the Committee w.e.f. 5th September, 2019 upon completion of his term of office as Independent Director of the Company.

Terms of Reference:

Terms of Reference of the Committee inter alia include the following:

1. To analyze various options for infusion of capital;
2. To decide on the actual size, mode(s), no. of tranches, timing, pricing including discount/ premium, if any, reservation to employees, customers, existing shareholders and / or any other persons as decided by the Board and as provided under SEBI Regulations subject to applicable Rules and Regulations and GOI and RBI approval;
3. To decide all other terms and conditions of the Issue and to accept any amendment(s), modification(s), variation(s) or alteration(s) thereto;
4. To appoint and enter into arrangement with the Book Running Lead Managers ("BRLMs"), escrow agent, legal counsel and any other agencies or persons or intermediaries to the Issue and to negotiate and finalize the terms of their appointment, including but not limited to execution of the placement agreement with the BRLMs;
5. To open and operate bank account(s) of the Company in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/

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deeds as may be necessary in this regard;

6. To authorize any concerned persons on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Issue;
7. To seek, if required, the consent of the third parties such as the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in connection with the issue, if any;
8. To determine and finalize the Issue opening and Issue closing date, the Issue Price, in consultation with the BRLMs, and to do all such acts and thing as may be necessary and expedient for, and incidental and ancillary to, the Issue;
9. To allot the equity shares/other securities pursuant to the Issue and to do all such acts and things as may be necessary to give effect such allotment;
10. To make applications to the Stock Exchange(s) for listing of the equity shares/ other securities of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing;
11. To do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in its absolute discretion, deem necessary or desirable for the Issue, in consultation with the BRLMs;
12. To settle all questions, difficulties, or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit;
13. To take such action, give such directions, as may be necessary or desirable as regards to the Issue and to do all such acts, matters, deeds and things, including but not limited to the allotment of shares against the valid applications received in the Issue, as are in the best interest of the Company;
14. To execute and deliver any and all other documents or instruments and doing or causing to be done any and all act or things as the Committee may deem necessary, appropriate or advisable in order to carry out the purposes

and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the Committee shall be conclusive evidence of the authority of the Committee in so doing.

15. To delegate any of the powers mentioned hereinabove at point no.1 to 13, to any of the Director(s) of the Company.

Meetings:

During the year ended 31st March, 2020, no meeting of the Capital Raising Committee was held.

G. RISK MANAGEMENT & STRATEGIC PLANNING COMMITTEE

Composition:

The Risk Management & Strategic Planning Committee of the Board consists of five Directors namely, Mr. Shyam Sunder Sharmma (Chairman), Mr. Vishnu Dutt Khandelwal, Mr. Sharad Sharma, Mr. Abhilash Lal and Mr. Pradeep Kumar Goenka.

Terms of Reference:

Terms of Reference of the Committee inter alia include the following:

1. Framing/ reviewing of Risk Management Plan/ Policy.
2. Overseeing implementation of Risk Management Plan/ Policy.
3. Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
4. To assist the Board in fulfilling its oversight responsibilities relating to the medium and long-term strategic direction and development.
5. To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.
6. To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Meetings:

During the year ended 31st March, 2020, one meeting of the Risk Management & Strategic Planning Committee was held on 08.02.2020.

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4. GENERAL BODY MEETINGS

Details of last three Annual General Meetings and the summary of Special Resolutions passed therein are as under:

| Year | Date of Meeting | Time | Place | Particulars of Special Resolutions passed at the Meeting |
|------|---------------------|------------|--|--|
| 2019 | 5th September, 2019 | 12:00 Noon | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat. | <ol style="list-style-type: none"> 1) Consent for re-appointment of Shri Shyam Sunder Sharmma (DIN: 00530921) as Director who retires by rotation. 2) Consent for alteration of the Articles of Association of the Company. 3) Consent for re-appointment of Shri Sharad Sharma (DIN: 00383178) as the Managing Director of the Company. 4) Consent for appointment and re-designation of Shri Rajesh Sharma (DIN: 02228607) as the Joint Managing Director of the Company. 5) Consent for re-appointment of Shri Abhilash Lal (DIN: 03203177) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years. 6) Consent for re-appointment of Shri Anoop Gupta (DIN: 00153340) as a Non-Executive Independent Director of the Company for a second term of 1 (one) year. 7) Consent for re-appointment of Shri Pradeep Kumar Goenka (DIN: 00404746) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years. 8) Consent for re-appointment of Shri Surendra Kumar Kabra (DIN:01280980) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years. 9) Consent for re-appointment of Shri Vishwa Nath Chandak (DIN: 00313035) as a Non-Executive Independent Director of the Company for a second term of 3 (three) consecutive years 10) Consent for approval of remuneration of Shri Vishnu Dutt Khandelwal, Whole Time Director and Promoter in terms of Regulation 17 (6) (e) of SEBI Listing Regulations. |

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| Year | Date of Meeting | Time | Place | Particulars of Special Resolutions passed at the Meeting |
|------|----------------------|------------|--|---|
| 2018 | 15th September, 2018 | 12:15 P.M. | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat. | <ol style="list-style-type: none"> 1) Consent for re-appointment of Shri Vishnu Dutt Khandelwal (DIN: 00383507) as Whole Time Director, designated as Executive Vice Chairman. 2) Consent for re-appointment of Shri Rajesh Sharma (DIN: 02228607) as Whole Time Director, designated as Executive Director. 3) Consent for re-appointment of Shri Gopal Singh Shekhawat (DIN: 06591844) as Whole Time Director, designated as Director (Administration). 4) Consent for continuation of appointment of Shri Shyam Sunder Sharmma (DIN: 00530921) as Non-Executive Director of the Company w.e.f. 1st April, 2019. 5) Consent for continuation of appointment of Shri Vishwa Nath Chandak (DIN: 00313035) as Non-Executive Independent Director of the Company w.e.f. 1st April, 2019. 6) Consent for approval of Ganesha Ecosphere Employees Stock Option Plan 2018. |
| 2017 | 25th September, 2017 | 3:00 P.M. | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat. | <ol style="list-style-type: none"> 1) Consent for payment of remuneration to the Directors of the Company (other than Managing or Whole Time Director). 2) Consent for re-classification of the Authorised Share Capital of the Company. 3) Consent for alteration of Capital Clause in the Memorandum of Association of the Company. 4) Consent for further issue of securities. |

Postal Ballot

During the year under review, the Company completed process of one postal ballot as per provisions of Section 110 of the Companies Act, 2013.

The Board of Directors had appointed Mr. S.K. Gupta, Practicing Company Secretary (Fellow Membership No. 2589 and Certificate of Practice No. 1920) as Scrutinizer and Ms. Divya Saxena, Practicing Company Secretary (Fellow Membership No. 5639 and Certificate of Practice No. 5352) as an Alternate Scrutinizer, to conduct the Postal Ballot process and e-voting in a fair and transparent manner. The voting was conducted through Postal Ballot as well as electronic mode.

The Company had engaged the services of NSDL to provide e-voting facility to its Members. The notice of postal ballot was accompanied with detailed instructions kit to enable the members to understand the procedure and manner in which postal ballot voting (including e-voting) to be carried out.

The voting results along with the Scrutinizer's Report were displayed at the Registered Office and Corporate Office of the company and was simultaneously communicated to the Stock Exchanges besides being hosted on the website of the Company viz. www.ganeshaecosphere.com and NSDL viz. www.evoting.nsdl.com.

Corporate Governance Report 2019-20

The following Resolution was passed with requisite majority on Wednesday 1st May, 2019. The details of results of Postal Ballot are as under:

| S. No. | Particulars | No and % of Votes polled | No and % of votes in favour | No. and % of votes against |
|--------|---|--------------------------|-----------------------------|----------------------------|
| 1. | Special Resolution to accord consent for continuation of directorship of Shri Surendra Kumar Kabra (DIN: 01280980) as Non-Executive Independent Director. | 1,66,56,181 (76.30%) | 1,32,37,056 (79.47%) | 34,19,125 (20.53%) |

None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a special resolution through 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

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: 22nd September, 2020 Time: 9:30 A.M. Venue: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat-209304 | | | | | | | | | | |
|--|--|------------------------|--------------|-----------------------|------------|------------------------|------------|-----------------------|------------|---------------------------------|------------|
| B. Calendar for financial year ended 31st March, 2021: | <table border="1"> <thead> <tr> <th>Particulars of Quarter</th> <th>On or before</th> </tr> </thead> <tbody> <tr> <td>First Quarter Results</td> <td>14.08.2020</td> </tr> <tr> <td>Second Quarter Results</td> <td>14.11.2020</td> </tr> <tr> <td>Third Quarter Results</td> <td>14.02.2021</td> </tr> <tr> <td>Fourth Quarter & Annual Results</td> <td>30.05.2021</td> </tr> </tbody> </table> | Particulars of Quarter | On or before | First Quarter Results | 14.08.2020 | Second Quarter Results | 14.11.2020 | Third Quarter Results | 14.02.2021 | Fourth Quarter & Annual Results | 30.05.2021 |
| Particulars of Quarter | On or before | | | | | | | | | | |
| First Quarter Results | 14.08.2020 | | | | | | | | | | |
| Second Quarter Results | 14.11.2020 | | | | | | | | | | |
| Third Quarter Results | 14.02.2021 | | | | | | | | | | |
| Fourth Quarter & Annual Results | 30.05.2021 | | | | | | | | | | |
| C. Date of Book Closure: | From Wednesday, 16th September, 2020 to Tuesday, 22nd September, 2020 (both days inclusive). | | | | | | | | | | |
| D. Dividend Payment Date: | On and after 24th September, 2020 | | | | | | | | | | |
| E. Listing on Stock Exchanges: | <p>The Company's Equity Shares are listed at following Stock Exchanges:</p> <ul style="list-style-type: none"> BSE Limited, 25th Floor, P. J. Towers, Dalal Street Fort, Mumbai-400 001 National Stock Exchange of India Limited, Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai-400051 <p>The annual listing fee to these stock exchanges has been paid up-to-date.</p> | | | | | | | | | | |
| F. Stock Codes – Equity Shares: | <ul style="list-style-type: none"> BSE Limited, Mumbai: 514167 National Stock Exchange of India Limited: GANECOS | | | | | | | | | | |

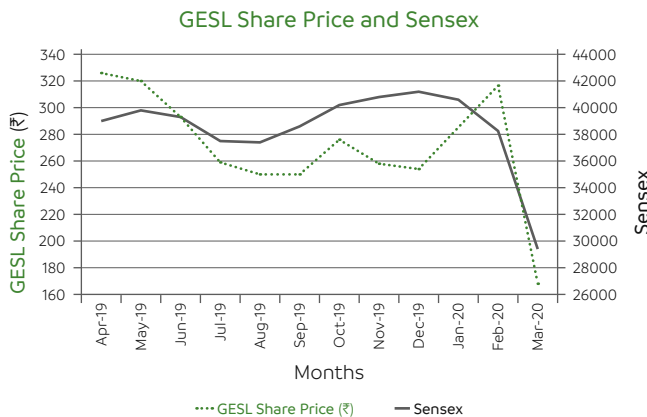
Corporate Governance Report 2019-20

G. Stock Market Price Data for the year 2019-20:

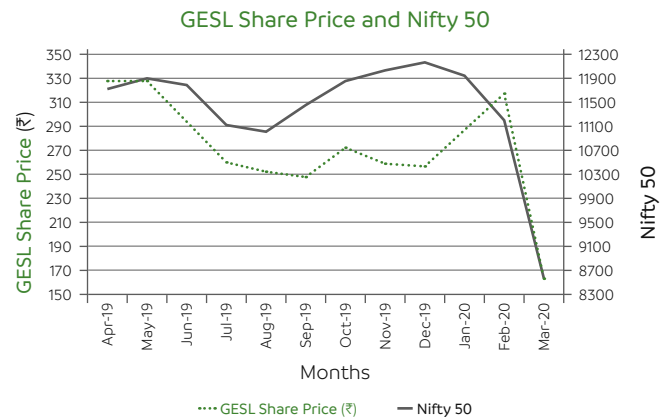
| Month | BSE PRICES | | | | NSE PRICES | | | |
|-----------------|------------|---------|-----------|----------------------|------------|---------|-----------|----------------------|
| | High (₹) | Low (₹) | Close (₹) | No. of Shares Traded | High (₹) | Low (₹) | Close (₹) | No. of Shares Traded |
| April, 2019 | 374.75 | 315.10 | 326.90 | 77,855 | 379.75 | 321.50 | 329.40 | 5,90,930 |
| May, 2019 | 340.00 | 279.50 | 321.15 | 23,282 | 348.30 | 278.10 | 326.75 | 3,57,162 |
| June, 2019 | 327.20 | 281.10 | 294.45 | 16,942 | 336.00 | 283.00 | 291.70 | 1,26,473 |
| July, 2019 | 300.00 | 244.00 | 259.10 | 21,742 | 300.05 | 241.35 | 260.90 | 1,31,830 |
| August, 2019 | 275.00 | 229.00 | 249.50 | 17,157 | 276.40 | 231.15 | 251.90 | 1,82,096 |
| September, 2019 | 260.00 | 241.00 | 249.60 | 13,608 | 260.40 | 240.00 | 247.85 | 1,32,248 |
| October, 2019 | 278.90 | 236.50 | 275.15 | 2,68,205 | 279.90 | 238.65 | 272.70 | 3,08,541 |
| November, 2019 | 283.00 | 236.00 | 258.75 | 32,030 | 284.00 | 240.50 | 260.00 | 97,361 |
| December, 2019 | 263.95 | 234.10 | 254.25 | 36,415 | 269.90 | 235.00 | 257.00 | 2,10,277 |
| January, 2020 | 302.00 | 234.10 | 284.25 | 31,909 | 301.80 | 235.00 | 285.90 | 2,61,707 |
| February, 2020 | 390.00 | 281.00 | 319.25 | 3,23,516 | 383.00 | 280.05 | 317.35 | 11,74,847 |
| March, 2020 | 328.10 | 138.25 | 167.40 | 24,908 | 329.00 | 141.10 | 164.4 | 6,34,510 |

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, 011- 40450193-197

E-mail: admin@skylinerta.com

Website: www.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

Corporate Governance Report 2019-20

respects. However, Shareholders may note that SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. 1st April, 2019. Accordingly the Company / its RTA have stopped accepting any fresh lodgement of transfer of shares in physical form. Members are advised to dematerialise their physical shares for ease of transfer.

J. Distribution of Share Holding as on 31st March, 2020:

| No. of Shares | Shareholders | | Shareholding | |
|---------------|--------------|---------------|--------------------|---------------|
| | Number | % of total | Number | % of total |
| 1- 500 | 8,723 | 90.49 | 11,25,957 | 5.16 |
| 501 - 1000 | 415 | 4.30 | 3,25,561 | 1.49 |
| 1001 - 2000 | 218 | 2.26 | 3,30,728 | 1.52 |
| 2001 - 3000 | 64 | 0.66 | 1,58,342 | 0.73 |
| 3001 - 4000 | 47 | 0.49 | 1,65,629 | 0.76 |
| 4001 - 5000 | 29 | 0.30 | 1,35,740 | 0.62 |
| 5001 - 10000 | 57 | 0.59 | 4,03,710 | 1.85 |
| 10001 & above | 87 | 0.90 | 1,91,83,730 | 87.88 |
| Total | 9,640 | 100.00 | 2,18,29,397 | 100.00 |

Shareholding Pattern as on 31st March, 2020:

| 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 | 17 | 88,09,931 | 40.36 |
| (2) | Foreign | - | - | - |
| | Total Shareholding of Promoter and Promoter Group | 17 | 88,09,931 | 40.36 |
| (B) | Public Shareholding | | | |
| (1) | Institutions | 13 | 34,31,810 | 15.72 |
| (2) | Non-Institutions | 9,610 | 95,87,656 | 43.92 |
| | Total Public Shareholding | 9,623 | 1,30,19,466 | 59.64 |
| | Total (A+B) | 9,640 | 2,18,29,397 | 100.00 |

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2020, 97.64% 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, 2020.

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.

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N. Plant Location:

| | |
|--------------------|---|
| 1. Kanpur Unit: | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat, Uttar Pradesh- 209304. |
| 2. Rudrapur Unit: | Plot No. 6, Sector -2, Integrated Industrial Estate, Pantnagar, Uttarakhand- 263153. |
| 3. Bilaspur Units: | a) Khata No. 96 and 97, Arazi Village Kotha, Ali Nagar, Pargana and Tehsil Bilaspur, Distt. Rampur, Uttar Pradesh-244923. |
| | b) Gata No. 112, Village Temra, Tehsil Bilaspur, Distt. Rampur Uttar Pradesh- 244923. |

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, 011- 40450193-197
E-mail: admin@skylinerta.com

With the Company:

The Company Secretary,
Ganesha Ecosphere Ltd.
113/216-B, First Floor, Swaroop Nagar, Kanpur- 208002.
Tel: 0512-2555505-06
Fax: 0512-2555293
E-mail: secretarial@ganeshaecosphere.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.

S. Dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF):

During the financial year 2019-20, pursuant to Section 124 of the Companies Act, 2013, dividend for the financial year 2011-12 which remained unpaid / unclaimed for a period of seven years from the date it was lying in the unpaid dividend account, has

been transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government.

The dividend for following years (see table below), which remains unclaimed for seven years from the date it is lying in the unpaid dividend account, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately lodge their claim with the Company or its Registrar and Transfer Agents, M/s. Skyline Financial Services Private Limited. The details of dividends specified below are available on the website of the Company at link www.ganeshaecosphere.com/unclaimed-dividends/. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof with the Company. However, w.e.f. September 7, 2016, shareholders may claim their unclaimed amount as per the procedures/ guidelines issued by the Ministry of Corporate Affairs (MCA). For details, investors can visit the website of IEPF Authority viz. www.iepf.gov.in.

The due dates for transfer of unclaimed dividend(s) to IEPF for subsequent years are given below:

| Financial Year | Dividend Per Share (₹) | Date of Declaration | Due Date for transfer to IEPF |
|----------------|------------------------|---------------------|-------------------------------|
| 2012-13 | 1.20 | 11.09.2013 | 12.10.2020 |
| 2013-14 | 1.20 | 29.09.2014 | 30.10.2021 |
| 2014-15 | 1.20 | 19.09.2015 | 20.10.2022 |
| 2015-16 | 1.20 | 08.09.2016 | 10.10.2023 |
| 2016-17 | 1.20 | 25.09.2017 | 27.10.2024 |
| 2017-18 | 1.50 | 15.09.2018 | 16.10.2025 |
| 2018-19 | 2.00 | 05.09.2019 | 07.10.2026 |

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Mandatory Transfer of Shares to Demat Account of Investor Education and Protection Fund Authority (IEPFA):

In terms of Section 124(6) of the Companies Act, 2013 read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) all shares in respect of which dividend has not been paid or claimed by a shareholder for a period of seven consecutive years or more shall be credited to the Demat Account of IEPFA. Upon transfer of such shares, all benefits (like bonus, etc.), if any, accruing on such shares shall also be credited to such Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholder from IEPFA by following the procedure prescribed under the aforesaid rules. Therefore, it is in the interest of shareholders to regularly claim the dividends declared by the Company.

Consequent to the above, during the financial year 2019-20, 52,626 Equity Shares of the Company were transferred to the IEPFA. Relevant details of such shares are available on the website of the Company <http://ganeshhaecosphere.com/unclaimed-dividends/>

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 <http://ganeshhaecosphere.com/wp-content/uploads/2020/06/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.ganeshhaecosphere.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.

e) Details of utilization of funds raised through Qualified Institutions Placement as specified under Regulation 32 (7A).

Not Applicable.

f) Certificate from a Company Secretary in Practice:

A Certificate from M/s. S. K. Gupta & Co., Practicing Company Secretaries, Kanpur, that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or such other statutory authority, is annexed herewith as a part of this report.

g) Where the Board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the financial year:

During the financial year, there have been no instances when the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

h) Total fees for all services paid by the Company to the statutory auditor:

Details relating to fees paid to the Statutory Auditors are given in Note 23 to the Standalone and Consolidated Financial Statements of the Company.

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i) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

| | |
|--|-----|
| a) Number of Complaints filed during the financial year | NIL |
| b) Number of Complaints disposed off during the financial year | NIL |
| c) Number of Complaints pending at the end of the financial year | NIL |

j) Disclosure on compliance with Corporate Governance Requirements specified in Listing Regulations:

The Company has complied with Corporate Governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the Listing Regulations except for the delay of five days in submission of Corporate Governance Report, for the quarter ended 31st December, 2019 under Regulation 27(2) of the Listing Regulations, due to technical failure in uploading the same at BSE Portal.

8. CEO AND CFO CERTIFICATION:

The Chief Executive Officer 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, Sharad Sharma, Managing Director & Chief Executive Officer 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 2019-20.

(Sharad Sharma)

Managing Director & Chief Executive Officer

Place: Kanpur

DIN: 00383178

Date: 22nd June, 2020

Certificate

CERTIFICATE PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C, CLAUSE (10) (i) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

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

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents'), as submitted by the Directors of **Ganesha Ecosphere Limited** ('the Company') bearing CIN: **L51109UP1987PLC009090** and having its Registered Office at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.) to the Board of Directors of the Company ('the Board') for the Financial year 2020-2021 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory / Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for appointment / continuity of every Director on the Board is the responsibility of the management of the Company, our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Director Identification Number (DIN) status on the MCA Portal (www.mca.gov.in), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we certify that as on date of this Certificate, none of the Directors on the Board of the Company, as listed hereunder for the Financial year ended 31st March, 2020, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

| S. No. | Name of Director | Director Identification Number (DIN) | Date of Appointment* | Date of Cessation |
|--------|-----------------------------|--------------------------------------|----------------------|-------------------|
| 1. | Shri Shyam Sunder Sharmma | 00530921 | 19.06.1989 | N.A. |
| 2. | Shri Sharad Sharma | 00383178 | 30.10.1987 | N.A. |
| 3. | Shri Vishnu Dutt Khandelwal | 00383507 | 30.10.1987 | N.A. |
| 4. | Shri Surendra Kumar Kabra | 01280980 | 19.07.1994 | N.A. |
| 5. | Shri Pradeep Kumar Goenka | 00404746 | 29.07.2006 | N.A. |
| 6. | Shri Rajesh Sharma | 02228607 | 19.06.2008 | N.A. |
| 7. | Shri Vishwanath Chandak | 00313035 | 28.02.2009 | N.A. |
| 8. | Shri Anoop Gupta | 00153340 | 26.05.2012 | N.A. |
| 9. | Shri Gopal Singh Shekhavat | 06591844 | 25.05.2013 | N.A. |

Certificate

| S. No. | Name of Director | Director Identification Number (DIN) | Date of Appointment* | Date of Cessation |
|--------|----------------------------|--------------------------------------|----------------------|-------------------|
| 10. | Shri Abhilash Lal | 03203177 | 29.09.2014 | N.A. |
| 11. | Shri Narayanan Subramaniam | 00166621 | 29.09.2014 | 05.09.2019 |
| 12. | Smt. Seema Sharma | 07466530 | 30.03.2016 | N.A. |
| 13. | Smt. Shobha Chaturvedi | 08553800 | 05.09.2019 | N.A. |

** the date of appointment is as per the Authorised Signatories details displayed on MCA Portal.*

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial year ended 31st March, 2020.

For S.K.Gupta & Co.
Company Secretaries

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

UDIN: F002589B000363675

Place: Kanpur

Date: 22nd June, 2020

Certificate

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of the Corporate Governance by **Ganesha Ecosphere Limited** ("the Company") for the Financial Year ended 31st March, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as "Listing Regulations"].

The compliance of the conditions of the Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither audit nor an expression of the 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 and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned "Listing Regulations" as applicable during the year ended 31st March, 2020 *except for the delay of five days in submission of Corporate Governance Report for the quarter ended 31st December, 2019 under Regulation 27(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to technical difficulties in uploading on BSE Portal.*

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

For S.K.Gupta & Co.
Company Secretaries

(S.K. GUPTA)

Managing Partner

F.C.S 2589

C.P. 1920

UDIN:F002589B000363708

Place: Kanpur

Date: 22nd June, 2020

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| | | |
|-----|--|---|
| 1. | Corporate Identity Number (CIN) of the Company | L51109UP1987PLC009090 |
| 2. | Name of the Company | Ganesha Ecosphere Limited |
| 3. | Registered address | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat- 209304, Uttar Pradesh. |
| 4. | Website | www.ganeshaecosphere.com |
| 5. | E-mail id | gesl@ganeshaecosphere.com |
| 6. | Financial Year reported | 2019-2020 |
| 7. | Sector(s) that the Company is engaged in (industrial activity code-wise) | Manufacturing of: <ul style="list-style-type: none"> • Polyester Staple Fibre (NIC Code: 20302) • Spun Yarn (NIC Code: 13114) • Dyed Texturized Yarn (NIC Code: 20303) |
| 8. | List three key products/services that the Company manufactures/ provides (as in balance sheet) | <ul style="list-style-type: none"> • Polyester Staple Fibre • Spun Yarn • Dyed Texturized Yarn |
| 9. | Total number of locations where business activity is undertaken by the Company: | |
| | a) Number of International Locations | None |
| | b) Number of National Locations | Details of Plant Locations of the Company are provided under the head "General Shareholders' Information" in the Corporate Governance Report. |
| 10. | Markets served by the Company - Local/ State/ National/ International: | National & International |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|----|---|--|
| 1. | Paid up Capital | ₹2,182.94 Lakh |
| 2. | Total Turnover (INR) | ₹88,883.39 Lakh |
| 3. | Total profit after taxes (INR) | ₹6,388.17 Lakh |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | The Company's total spending on CSR was ₹124.42 Lakh which is 1.95% of the profit after tax. |
| 5. | List of activities in which expenditure in 4 above has been incurred: | Please refer "Annexure D" to the Directors' Report for details on CSR initiatives undertaken by the Company. |

SECTION C: OTHER DETAILS

| | | |
|----|--|---|
| 1. | Does the Company have any Subsidiary Company/ Companies? | Yes, as on 31st March, 2020; the Company had one Wholly Owned Subsidiary, namely, Ganesha Ecopet Private Limited. |
| 2. | Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s). | The Subsidiary Company has been incorporated on 19.11.2019 and its business activities yet to be commenced. |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | The Company's suppliers, distributors etc. are encouraged to adopt BR Initiatives of the Company and follow the concept expected from responsible businesses. |

Business Responsibility Report

SECTION D: BR INFORMATION

1. Details of Director responsible for BR and implementation of the BR policy:

| | |
|-------------------|------------------------------|
| DIN: | 00383178 |
| Name of Director: | SHARAD SHARMA |
| Designation: | Managing Director and CEO |
| Telephone number: | 0512- 2555505-06 |
| Email ID: | sharad@ganeshhaecosphere.com |

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

| | |
|----|--|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. |
| P3 | Businesses should promote the wellbeing of all employees. |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| P5 | Businesses should respect and promote human rights. |
| P6 | Business should respect, protect, and make efforts to restore the environment. |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| P8 | Businesses should support inclusive growth and equitable development. |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

(a) Details of compliance (Reply in Y/N)

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| 1. | Do you have a policy/ policies for.... | Y | Y | Y | Y | Y | Y | NA* | Y | Y |
| 2. | Has the policy being formulated in Consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | NA | Y | Y |
| 3. | Does the policy conform to any National / international standards? If yes, specify? (50 words) | The policies have been formulated by taking inputs from the concerned internal stakeholders and are updated regularly in light of changing scenario and suggestions. Though there is no formal consultation with external stakeholders. | | | | | | | | |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director? | Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO 14001, OHSAS 18001 and GRS compliance certificate. | | | | | | | | |
| 5. | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Policies mandated under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and other applicable/ internal policies are approved by the Managing Director or Functional Heads of the Company, as appropriate. | | | | | | | | |
| | | The Company has Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management and Strategic Planning Committee, and also adequate internal control systems to oversee the implementation of policies. | | | | | | | | |

Business Responsibility Report

| No. | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|-----|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| 6. | Indicate the link for the policy to be viewed online? | Policies mandated under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are available at http://ganeshaecosphere.com/corporate-governance-policies/ . View of other policies is restricted to the respective stakeholders. | | | | | | | | |
| 7. | Has the policy been formally Communicated to all relevant internal and external stakeholders? | Yes, wherever appropriate. | | | | | | | | |
| 8. | Does the company have in-house Structure to implement the policy/policies. | Yes | | | | | | | | |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Yes, wherever appropriate. | | | | | | | | |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The policies are evaluated internally from time to time and updated, whenever required. | | | | | | | | |

*No specific policy exists for this principle; however, the Company actively participates in policy advocacy through its memberships in various industry associations and forums.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

Not Applicable.

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The BR performance of the Company is periodically assessed by the BR Head.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This report is the first BR Report of the Company and shall be published at <http://ganeshaecosphere.com/annual-reports/>

The Policy relating to Ethics, Bribery and Corruption is an extension of the Company's Code of Conduct and it extends to all the members of the Board, Key Managerial Personnel and Senior Management of the Company/ Group. The Policy is also shared with our Suppliers / Contractors / others, and it is Company's endeavor to encourage its suppliers, vendors, contractors, and third parties with whom it conducts business to abide by the same.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Company's stakeholders include our investors, employees, vendors / partners, government, and local communities. The details of investor complaints and resolution during the financial year 2019-20 are provided in the Corporate Governance Report forming part of this Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Sustainability is at heart of our organization and our principal business is recycling. We believe in giving second

Business Responsibility Report

life to PET through Recycling. Our each unit is equipped with Effluent treatment Plants, pollution control devices etc. We have received ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 quality certifications from BSCIC Certifications Pvt. Ltd. with respect to (i) Quality Management System; (ii) Environmental Management System; and (iii) Occupational Health and Safety Management System. We have received the Hohenstein Textile Testing Institute's (Germany) authorization to use the STANDARD 100 by OEKO-TEX mark, validating the highest ecological standards and have also received the compliance certificate for Global Recycled Standard (GRS) from the CU Inspection and Certifications India Private Limited.

The three products are:

- a) Recycled Polyester Staple Fibre
 - b) Dyed Texturized Yarn
 - c) Spun Yarn
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Details of conservation of energy are given in "Annexure E" of the Directors' Report.
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Our product is an intermediate industrial product, thus end consumer data of reduction during usage (energy, water) is not available with the Company.
3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company endeavours to integrate social, ethical and environmental factors across the entire supply chain. The raw material sourcing of our Company is primarily being done domestically through road transport. Key raw material is transported through full truck load and efforts are made to source the key raw material preferably from nearest places. Adequate steps are taken for safety during transportation and optimization of logistics, which, in turn, help to mitigate the impact on climate.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Key raw material i.e. post- consumer PET bottle scrap is collected by the small and unorganized rag-pickers and it is one of the highest paid scrap material for rag-pickers. The raw material so collected by rag-pickers reaches to us through small scrap dealers. Thousands of rag-pickers are engaged into collection of PET bottle scrap and are earning their livelihood besides helping the environment. Also, the Company encourages local procurement of goods and services around its plants proximity and region.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

In our commitment to ensuring a greener tomorrow, we strive to reduce and recycle our waste. We have strong processes and systems in place which ensures that we minimize generation of waste. Product waste and scrap generated is relatively low, more than 50% of which is re-used by us.

Principle 3

1. Total number of employees: 2723
2. Total number of employees hired on temporary/ contractual/casual basis: 259
3. Number of permanent women employees: 80
4. Number of permanent employees with disabilities: 5
5. Do you have an employee association that is recognized by management? No
6. What percentage of your permanent employees is members of this recognized employee association?

Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment in the last financial year and pending, as on the end of the financial year.

None

Business Responsibility Report

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

As per Policy of the Company every employee has been given training on safety on six-month basis. In the year under reference following percentage of employees were given safety & skill up-gradation training:

| Particulars | Safety Training | Skill Up-Gradation Training |
|---|-----------------|-----------------------------|
| Permanent Employees | 75% | 15% |
| Permanent Women Employees | 75% | 15% |
| Casual/ Temporary/Contractual Employees | 95% | NIL |
| Employees with Disabilities | 100% | 15% |

Principle 4

1. Has the Company mapped its internal and external stakeholders?

The Company has mapped its internal and external stakeholders; they are community, suppliers, consumers, customers, employees, educational institutes, government, lenders, NGOs and the shareholders.

2. Out of above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes, the Company has a defined process for identifying key communities and their needs. The key communities consist of areas in and around the Company's manufacturing facilities. Furthermore, the Company is indirectly linked with marginalized and vulnerable sections of the society because most of the raw material sourced from this section i.e. Rag-pickers/ Kabadis.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Ganesha believes in doing business responsibly, considering all dimensions of sustainability. The Company is committed to focus on inclusive growth and improving lives by contributing towards communities around which it operates. The Company has taken the following initiatives for the benefit of local communities and disadvantaged and marginalized stakeholders, under its CSR program:

- Free Health Checkup Camps;
- Free Ambulance Service;
- Installation of Solar Street Lights;
- Sanitation Programs under 'Swasth Rehe Sab Swachta Ho Jab', a cleanliness initiative; and
- Distribution of Blankets.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Company and its subsidiary advocate the supremacy of human rights, labour standards, environmental protection measures. The Company does not hire child labour, forced labour or involuntary labour. The Company discourage its business associates from doing any violation of Human Rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

No Complaint relating to violation of human rights was received by the Company.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

Yes, the Company's policy is extended to the entire group and the Suppliers/Contractors/NGOs/others are encouraged to maintain ethical standards in all their practices.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Global environmental issues are addressed as a part of our business model. Your Company recycles more than 10% of the PET bottle scrap generated in India. The Company is continuously implementing process improvements to reduce emissions and wastes.

As a step towards delivering its responsibility to combat climate change, the Company has also installed 5 MW roof-top solar power plant to harness renewable energy and reducing carbon footprints.

Business Responsibility Report

3. Does the company identify and assess potential environmental risks?

Yes, the Company has a mechanism to identify and assess risks including environmental risks. Manufacturing Facilities of the Company are ISO 9001, ISO 14001 and OHSAS 18001 certified.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

No, the Company does not have any project related to Clean Development Mechanism.

5. Has the company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company strives to adopt process improvement measures and invest in efficient technologies to reduce its impact on the environment. The details of initiatives taken for conservation of energy are given in "Annexure E" to the Directors' Report forming part of this Annual Report and the same is available on the website of the Company at <http://ganeshaecosphere.com/annual-reports/>.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emission/ waste generated by the company is within the permissible limits given by CPCB/ SPCB.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no pending show cause notices as on March 31, 2020.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, the Company is a member of following associations:

- Indian Industries Association (IIA)
- PET Packaging Association for Clean Environment (PACE)
- All India Plastics Manufacturers' Association (AIPMA)
- All India Recycled Fibre and Yarn Manufacturers Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Ganesha has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders and actively put forth its viewpoint on various policy matters and inclusive development policies.

Principle 8

1. Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.

Being a responsible corporate citizen, Ganesha has a value system of giving back to society and improving life of the people and the surrounding environment. The Company supports the principle of inclusive growth and equitable development through its Corporate Social Responsibility initiatives and also through its core business. The details of Company's CSR initiatives have been provided in 'Annexure D' to Directors' Report that forms part of this Annual Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

Programmes as covered under CSR Activities are undertaken through Company, its CSR Trust i.e. "Ganesh Memorial Trust" as well as external organizations. Activities undertaken by external organizations are directed and monitored by the Company on regular intervals /periods.

3. Have you done any impact assessment of your initiative?

The CSR Programmes and their impacts/ outcomes are periodically monitored and reviewed by the CSR Committee of the Board and the management.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the year, the Company has spent ₹124.42 Lakh on various CSR initiatives, as detailed in "Annexure D" to the Directors' Report that forms part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Business Responsibility Report

At Ganesha, the CSR projects and programs are undertaken after identifying the communities that require development. The Company also interacts with the stakeholders to ensure that its projects are being implemented effectively.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

None.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)

The Company display product information on the product label as per applicable rules and guidelines as well as customer requirements.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No complaints or case has been filed against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess the consumer satisfaction levels and consumer's trends.

STANDALONE FINANCIAL STATEMENTS

Independent Auditor's Report

TO,
THE MEMBERS OF
GANESHA ECOSPHERE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Ganesha Ecosphere Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2020, and its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>1) Evaluation of pending litigations (as described in note 30.2 of the standalone financial statements)</p> <p>The Company has pending litigations for demand in dispute under various statutes which involves significant judgment to determine the possible outcome of these disputes.</p> | <p>We have obtained the details of litigations under various statutes for the year ended March 31, 2020 from the management.</p> <p>We have reviewed the management's underlying assumptions in estimating the provisions in respect to the disputed matters and the possible outcome of the disputes. We have also reviewed the legal precedence, where available, and other documents provided for review by the management in evaluating its position in these matters.</p> <p>We have also reviewed the assumptions made by the management as at March 31, 2019 and evaluated whether any change was required on account of information and updates made available during the year.</p> |

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>II) Adoption of Ind AS 116 on Leases (as described in note 31 of the standalone financial statements)</p> <p>Effective April 1, 2019, Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognise, measure, present and disclose leases.</p> <p>The standard provides a single lease accounting model, requiring lessees to recognise a right of use asset ('ROU asset') and a corresponding liability on the lease commencement date. It provides exemption for leases with lease term of 12 months or less or if the underlying asset has a low value.</p> <p>The Company has applied Ind AS 116. We considered the first time application of the standard as a key audit matter due to judgements needed in establishing the underlying key assumptions.</p> | <p>We assessed the accounting regarding leases with reference to consistency with the definitions given in Ind AS 116. This includes factors such as lease term, discount rate and measurement principles.</p> <p>We tested the completeness of lease data as at April 1, 2019 by reconciling the Company's operating lease commitments to the underlying data used for implementation of Ind AS 116.</p> <p>We assessed the transition to Ind AS 116 by verifying consistency with the definitions and practical expedients of Ind AS 116.</p> <p>We examined the Company's judgment in establishing the underlying assumptions.</p> <p>We assessed the relevant disclosures made within the standalone financial statements.</p> |

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit (financial

performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. 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, which have been used for the purpose of preparation of the standalone financial statements by the Directors of the Company, as aforesaid.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or

conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Section 143(11) 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. Further to our comments in Annexure A, 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 (including other comprehensive income), the cash flow

statement and the statement of changes in equity dealt with by this report are in agreement with the books of accounts.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in auditor's report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its director's during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act.

- (h) 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 the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - refer note 30.2;
 - ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note 15.2;
 - 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 March 31, 2020.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg No. 009781N

Narendra Singhania
Partner

Place: New Delhi
Date: June 22, 2020

Membership No.: 087931
UDIN - 20087931AAAAEB1647

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesh Ecosphere Limited ("the Company") on the standalone financial statements as of and for the year ended March 31, 2020)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) 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 and 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.
 - (c) 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) The Company has granted unsecured loan to its wholly owned subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"):
 - a) In our opinion, the rate of interest and other terms and conditions for such loan are not, prima facie, prejudicial to the interest of the Company.
 - b) The schedule of repayment of principal and payment of interest on the above loan has been stipulated. However, there were no payments due in respect of the above loan in the current year.
 - c) There were no overdue amounts in respect of the above loan in the current year.
- (4) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect to the investments made by it during the year.
 - (5) According to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 73, 74, 75 and 76 of the Act 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 Act 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, duty of customs, goods and services tax and other material statutory dues applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end 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, there are no dues of duty of customs, sales tax, service tax and goods and services tax, which have not been deposited on account of any dispute, The particulars of dues of income-tax, value added tax and entry tax as at March 31, 2020, which have not been deposited on account of a dispute, are as follows:

| Name of the Statute | Nature of the Dues | Amount of demand (₹ in Lakh) | Amount paid under protest (₹ in Lakh) | Period to which the amount relates | Forum where dispute is pending |
|---|------------------------------|------------------------------|---------------------------------------|------------------------------------|--|
| U. P. Trade Tax Act, 1948 | Entry Tax | 27.88 | 13.94 | 2003-04 to 2005-06 | Supreme Court |
| West Bengal Tax on Entry of Goods in Local Area Act, 2012 | Entry Tax | 8.81 | - | 2013-14 to 2017-18 | High Court, Kolkata |
| Uttarakhand Value Added Tax Act, 2005 | Value Added Tax | 2.60 | 0.48 | 2010-11 to 2011-12 | Joint Commissioner (Appeals) (First) Commercial Tax Haldwani Uttarakhand |
| UPVAT Act, 2008 | Value Added Tax | 5.05 | 2.73 | 2015-16 | Additional Commissioner (Appeals) Grade-II, Kanpur |
| Income Tax Act, 1961 | TDS Demand | 6.11 | 1.22 | 2010-11 | Commissioner of Income Tax (Appeals), Kanpur |
| Income Tax Act, 1961 | Income Tax Demand u/s 143(3) | 35.92 | 7.50 | 2015-16 | Commissioner of Income Tax (Appeals), Kanpur |

(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 borrowings to financial institutions or banks or Government during the year. Further, 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) during the year.

(10) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.

(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 and provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

(13) The Company has entered into transactions with related

parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act.

(14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the said 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 them covered under Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the said Order are not applicable to the Company.

(16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the said Order are not applicable to the Company.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg No. 009781N

Narendra Singhania
Partner

Place: New Delhi
Date: June 22, 2020

Membership No.: 087931
UDIN - 20087931AAAAEB1647

Annexure B to the Independent Auditor's 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 March 31, 2020)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2020 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 controls 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 (the "Guidance Note") 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 were 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information, and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Narendra Singhania & Co.
Chartered Accountants
Firm Reg No. 009781N

Narendra Singhania
Partner

Place: New Delhi
Date: June 22, 2020

Membership No.: 087931
UDIN - 20087931AAAAEB1647

Standalone balance sheet

as at March 31, 2020

| Particulars | Note No. | (₹ in lakh) | |
|--|----------|-------------------------|-------------------------|
| | | As at March 31, 2020 | As at March 31, 2019 |
| ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3.1 | 28,785.69 | 31,036.15 |
| (b) Capital work-in-progress | 3.2 | 212.61 | - |
| (c) Right of use assets (ROU) | 3.3 | 124.97 | - |
| (d) Intangible assets | 4.1 | 185.65 | 202.69 |
| (e) Intangible assets under development | 4.2 | - | - |
| (f) Financial assets: | | | |
| (i) Investment in subsidiary | 5.1 | 1,000.00 | - |
| (ii) Loans | 5.2 | 992.21 | 3.26 |
| (iii) Others | 5.3 | 72.59 | 640.56 |
| (g) Other non-current assets | 6.0 | 605.48 | 465.89 |
| Sub-total | | 31,979.20 | 32,348.55 |
| (2) Current assets | | | |
| (a) Inventories | 7.0 | 14,480.94 | 12,973.56 |
| (b) Financial assets: | | | |
| (i) Investment | 8.1 | 8,322.48 | 2,802.96 |
| (ii) Trade receivables | 8.2 | 9,736.70 | 8,844.90 |
| (iii) Cash and cash equivalents | 8.3 | 110.25 | 1,613.72 |
| (iv) Bank balances other than (iii) above | 8.4 | 359.26 | 725.00 |
| (v) Loans | 8.5 | 1.41 | 2.33 |
| (vi) Others | 8.6 | 118.65 | 45.52 |
| (c) Current tax assets (net) | 10.0 | 414.34 | - |
| (d) Other current assets | 9.0 | 1,018.62 | 1,770.81 |
| (3) Assets held for sale/ disposal | 11.0 | 35.57 | 48.93 |
| Sub-total | | 34,598.22 | 28,827.73 |
| TOTAL ASSETS | | 66,577.42 | 61,176.28 |
| EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| (a) Equity share capital | 12.1 | 2,182.94 | 2,182.94 |
| (b) Other equity | 12.2 | 45,585.61 | 39,711.97 |
| Sub-total | | 47,768.55 | 41,894.91 |
| (2) Liabilities | | | |
| (2A) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13.0 | 5,212.64 | 5,989.31 |
| (b) Deferred tax liabilities (net) | 18.2 | 1,712.51 | 1,687.91 |
| (c) Government grants | 14.2 | 439.60 | 461.96 |
| (d) Provisions | 17.1 | 719.29 | 590.99 |
| Sub-total | | 8,084.04 | 8,730.17 |
| (2B) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 13.0 | 3,138.69 | 3,586.35 |
| (ii) Trade payables: | | | |
| Total outstanding dues of micro enterprises and small enterprises | 15.1 | 43.52 | 155.35 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15.1 | 3,368.74 | 2,603.91 |
| (iii) Other financial liabilities | 15.2 | 3,688.62 | 3,200.22 |
| (b) Government grants | 14.1 | 44.27 | 42.91 |
| (c) Other current liabilities | 16.0 | 297.53 | 747.57 |
| (d) Provisions | 17.2 | 143.46 | 115.32 |
| (e) Current tax liabilities (net) | 18.1 | - | 99.57 |
| Sub-Total | | 10,724.83 | 10,551.20 |
| TOTAL EQUITY AND LIABILITIES | | 66,577.42 | 61,176.28 |
| Significant accounting policies | 2.0 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajjani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharma
Chairman

Gopal Agarwal
Chief Financial Officer

Standalone statement of profit and loss

for the year ended March 31, 2020

| Particulars | Note No. | (₹ in lakh) | |
|---|----------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| I INCOME | | | |
| Revenue from operations | 19 | 88,883.39 | 1,02,048.58 |
| Other income | 20 | 749.61 | 618.57 |
| Total income | | 89,633.00 | 1,02,667.15 |
| II EXPENSES | | | |
| Cost of materials consumed | | 55,700.26 | 61,690.61 |
| Purchases of stock-in-trade | | 1,425.72 | 1,627.26 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 21 | (2,575.27) | 1,944.09 |
| Employee benefits expenses | 22 | 6,001.80 | 5,042.58 |
| Finance costs | 25 | 777.35 | 1,048.78 |
| Depreciation and amortization expense | 24 | 2,805.36 | 2,579.60 |
| Other expenses | 23 | 17,150.34 | 19,006.90 |
| Total expenses | | 81,285.56 | 92,939.82 |
| III Profit before tax (I-II) | | 8,347.44 | 9,727.33 |
| IV Tax expense | 26 | | |
| Current tax | | 1,957.14 | 3,338.25 |
| Deferred tax charge/ (credit) | | (414.46) | 185.47 |
| MAT credit reversed | | 416.59 | 8.12 |
| Total tax expense | | 1,959.27 | 3,531.84 |
| V Profit for the year (III-IV) | | 6,388.17 | 6,195.49 |
| VI Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Re-measurement gain/ (loss) on defined benefit obligation | | 15.77 | (27.20) |
| Less: Income-tax relating to above item | 26 | 3.97 | (9.50) |
| | | 11.80 | (17.70) |
| VII Total comprehensive income for the year (V+VI) | | 6,399.97 | 6,177.79 |
| VIII Earnings per share | | | |
| Basic (face value of ₹ 10/- per equity share) | 28 | 29.26 | 28.74 |
| Diluted (face value of ₹ 10/- per equity share) | | 29.26 | 28.74 |
| Significant accounting policies | 2 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajnani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharma
Chairman

Gopal Agarwal
Chief Financial Officer

Standalone cash flow statement

for the year ended March 31, 2020

| Particulars | Note No. | (₹ in lakh) | |
|---|----------|------------------------------|------------------------------|
| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
| A. Cash flow from operating activities: | | | |
| Profit before tax as per statement of profit and loss | | 8,347.44 | 9,727.33 |
| Adjustments for: | | | |
| Depreciation and amortization expense | | 2,805.36 | 2,579.60 |
| Amortization of leasehold land | | - | 1.61 |
| Loss on sale/ discard of property, plant and equipment (net) | | 53.02 | 564.45 |
| Allowance for doubtful trade receivables and advances | | (110.37) | 176.99 |
| Bad debts/ advances written off | | 66.71 | 60.58 |
| Liabilities no longer required written back | | (1.11) | (11.85) |
| Loss/(gain) on foreign currency fluctuations and translations (net) | | 100.96 | (14.48) |
| Interest expense | | 628.06 | 896.38 |
| Interest income | | (384.64) | (127.10) |
| Profit on sale of investments | | (208.51) | - |
| Fair value gain on financial assets | | (48.13) | (2.96) |
| Government grants against interest expense | | (50.00) | (256.96) |
| Amortization of Government grants | | (42.99) | (33.47) |
| Operating profit before working capital changes | | 11,155.80 | 13,560.12 |
| Movements in working capital: | | | |
| (Increase) in trade receivables | | (804.55) | (1,235.39) |
| Decrease/ (increase) in other receivables and prepayments | | 723.08 | (76.67) |
| (Increase)/ decrease in inventories | | (1,507.38) | 344.57 |
| Increase/ (decrease) in trade payables | | 653.00 | (2,572.57) |
| Increase in other payables | | 77.30 | 313.39 |
| Increase in provisions | | 172.21 | 140.84 |
| Cash generated from operations | | 10,469.46 | 10,474.29 |
| Direct taxes paid (net of refunds) | | (2,452.55) | (2,174.60) |
| Net cash flow generated from operating activities (A) | | 8,016.91 | 8,299.69 |
| B. Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | | (1,176.23) | (2,617.75) |
| Purchase of intangible assets | | (30.00) | (56.80) |
| Proceeds from sale of property, plant and equipment | | 17.72 | 73.08 |
| Investment made in subsidiary | | (1,000.00) | - |
| Loan to subsidiary | | (990.00) | - |
| Fixed deposits made | | (3,295.35) | (5,815.15) |
| Fixed deposits matured | | 2,725.05 | 4,558.25 |
| Interest received | | 325.38 | 85.59 |
| Purchase of investments | | (13,694.88) | (2,600.00) |
| Proceeds from sale of investments | | 9,932.00 | - |
| Net cash flow used in investing activities (B) | | (7,186.31) | (6,372.78) |

Standalone cash flow statement

for the year ended March 31, 2020 (contd.)

| Particulars | Note No. | (₹ in lakh) | |
|--|----------|------------------------------|------------------------------|
| | | Year ended March 31, 2020 | Year ended March 31, 2019 |
| C. Cash flow from financing activities | | | |
| Proceeds from issue of equity shares | | - | 265.25 |
| Proceeds from premium received on issue of equity shares | | - | 9,734.75 |
| Share issue expenses | | - | (171.63) |
| Proceeds from non-current borrowings (other than related parties) | | 3,240.39 | 2,130.12 |
| Repayment of non-current borrowings | | (4,034.01) | (4,746.52) |
| Repayment of current borrowings (net) | | (545.66) | (5,862.06) |
| Proceeds from related parties as borrowings (net) | | 83.00 | (824.75) |
| Dividend paid to equity shareholders | | (436.59) | (327.44) |
| Dividend distribution tax paid | | (89.74) | (67.31) |
| Government grants against interest expense | | 50.00 | 256.96 |
| Interest paid | | (601.46) | (919.71) |
| Net cash flow used in financing activities (C) | | (2,334.07) | (532.34) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | | (1,503.47) | 1,394.57 |
| Cash and cash equivalents at the beginning of the year | | 1,613.72 | 219.15 |
| Cash and cash equivalents at the end of the year | 8.3 | 110.25 | 1,613.72 |
| Notes: | | | |
| The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7, 'Statement of Cash Flows'. | | | |
| Significant accounting policies | 2.0 | | |
| The accompanying notes are an integral part of these financial statements. | | | |

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajjani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharma
Chairman

Gopal Agarwal
Chief Financial Officer

Standalone statement of changes in equity

for the year ended March 31, 2020

| A. Equity share capital | | (₹ in lakh) |
|--|--|-------------|
| As at April 1, 2018 | | 1,917.69 |
| Changes in equity share capital during the year* | | 265.25 |
| As at March 31, 2019 | | 2,182.94 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2020 | | 2,182.94 |

*On May 9, 2018, the Company has allotted 26,52,520 equity shares to QIBs at a price of ₹ 377/- per share.

| B. Other equity | | Reserves and surplus | | | | | (₹ in lakh) |
|--|----------------------------|----------------------|--------------------|-----------------|-------------------|-----------------|-----------------------------|
| Particulars | Capital redemption reserve | Capital reserve | Securities premium | General reserve | Retained earnings | Total | |
| | | | | | | | Balance as at April 1, 2018 |
| Received during the year | - | - | 9,734.75 | - | - | 9,734.75 | |
| Less: Share issue expenses | - | - | (171.63) | - | - | (171.63) | |
| Profit for the year | - | - | - | - | 6,195.49 | 6,195.49 | |
| Other comprehensive income for the year | - | - | - | - | (17.70) | (17.70) | |
| Total comprehensive income for the year | - | - | - | - | 6,177.79 | 6,177.79 | |
| Dividend paid | - | - | - | - | (327.44) | (327.44) | |
| Dividend distribution tax | - | - | - | - | (67.31) | (67.31) | |
| Balance as at March 31, 2019 | 450.00 | 225.28 | 13,952.72 | 264.13 | 24,819.84 | 39,711.97 | |
| Profit for the year | - | - | - | - | 6,388.17 | 6,388.17 | |
| Other comprehensive income for the year | - | - | - | - | 11.80 | 11.80 | |
| Total comprehensive income for the year | - | - | - | - | 6,399.97 | 6,399.97 | |
| Dividend paid | - | - | - | - | (436.59) | (436.59) | |
| Dividend distribution tax | - | - | - | - | (89.74) | (89.74) | |
| Balance as at March 31, 2020 | 450.00 | 225.28 | 13,952.72 | 264.13 | 30,693.48 | 45,585.61 | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi

Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Shyam Sunder Sharmma
Chairman

Bharat Kumar Sajjani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Place: Kanpur

Date: June 22, 2020

Notes to the standalone financial statements

for the year ended March 31, 2020

1.0 Corporate information

Ganesha Ecosphere Limited ("the Company") is a public limited company, incorporated and domiciled in India, listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The address of the registered office is Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.). The Company is a leading PET Waste recycling company in India and is engaged in the manufacturing of Recycled Polyester Staple Fibre (RPSF), Spun Yarn and Dyed Texturised Yarn.

2.0 Significant Accounting Policies

a) Basis of preparation

(i) Compliance with Indian Accounting Standards

These financial statements have been prepared in accordance with the Indian Accounting Standards ('IND AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The accounting policies have been applied consistently to all the periods presented in the financial statements.

(ii) Historical cost convention

The financial statements have been prepared on an accrual basis under historical cost convention, except certain financial assets and liabilities (including derivative financial instruments, investment in mutual funds and assets held for sale) that are measured at fair values at the end of each reporting period.

(iii) Current versus non-current classification

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.

(iv) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

b) 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 reported period. Actual results may differ from those estimates. Any difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

c) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Indian rupee ('₹'), which is Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the statement of profit and loss. Exchange differences,

Notes to the standalone financial statements

for the year ended March 31, 2020

in respect of foreign currency borrowings taken for acquiring qualifying assets included in property, plant and equipment, to the extent it is an adjustment to interest cost, has been capitalized. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2017 which are related to the acquisition of qualifying assets are adjusted in the carrying cost of such assets.

d) Revenue recognition

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

The specific criterion for each of the Company's activities has been stated below:

(i) Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers (i.e. when performance obligation is satisfied) for an amount that reflects the consideration which the Company expects to receive in exchange for those products. The Company does not expect to have any contracts where the period between the transfer of promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the value of money.

Revenue is measured based on transaction price, which is the consideration, adjusted for trade discounts such as cash discounts, volume discounts or any other price concession as may be agreed with the customers. Revenues also excludes Goods and Service Tax (GST) collected from customers.

(ii) Job work receipts

Revenue from job work is recognized at the time of dispatch of material.

(iii) Export incentives

Export incentives under various schemes are accounted in the year of export.

(iv) Recycling certification income

Income is recognized in the year in which the certificate is issued.

(v) Interest income

Interest income is recognized on time proportion accrual basis using the applicable/ effective interest rate.

(vi) Insurance claims

Insurance claims are accounted only when there is reasonable certainty of its ultimate collection. Insurance claim receivable is recognised as a separate asset, but only when the claim receivable is virtually certain.

e) Government grants

Grants from the Government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight line basis over the expected lives of related assets and are presented within other income. Government grants relating to an expense item is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed and are netted off from the related expense. However, where the grant pertains to expenses already incurred in earlier years, it is disclosed in other income.

Export Promotion Capital Goods ('EPCG') Scheme allows import of certain capital goods at zero/ concessional duty subject to an export obligation for the duty saved. The duty saved on capital goods under EPCG scheme is treated as a Government grant and is recognised as income spread equally over the expected useful life of the related asset.

In case of interest free/ concessional loan provided by Government, the loan or assistance is initially recognised and

Notes to the standalone financial statements

for the year ended March 31, 2020

measured at fair value and the Government grant is measured as the difference between the initial fair value of the loan and the proceeds received. The loan or assistance is subsequently measured as per the accounting policy applicable to financial liabilities.

f) Taxes

(i) Current income-tax

Current income-tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

(ii) Deferred income-tax

Deferred income-tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income-tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income-tax assets are realised or the deferred income-tax liabilities are settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are off set where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

(iii) Minimum alternate tax ('MAT')

MAT Credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. Such asset is reviewed at each balance sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income-tax during the specified period (also refer note 39.0).

g) Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered as highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Asset classified as held for sale are presented separately in the Balance Sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

h) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Notes to the standalone financial statements

for the year ended March 31, 2020

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Property, plant and 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 and 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 and equipment on commencement of commercial production. Capital work-in-progress is stated at the amount expended up to the date of the balance sheet.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on Written Down Value Method ('WDV') except in respect of buildings and plant & equipment (excluding Rooftop Solar Panels, which is depreciated on WDV) of Kanpur Unit and Temra Unit (located at Bilaspur) where depreciation is provided on Straight Line Method ('SLM').

The Company depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and management believes that the useful life of assets are same as those prescribed in Schedule II to the Act, except for certain plant & equipment, wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows:

| Assets | Useful life |
|---|---------------|
| Buildings | 30 – 60 years |
| Roads (capitalised under buildings) | 10 years |
| Continuous process plant (plant & equipment) | 18 years |
| Rooftop solar panels (part of plant & equipment) | 10 years |
| Other plant & equipment | 5-15 years |
| Furniture and fixtures | 5-10 years |
| Office equipment (including computers, computers equipment and servers) | 3-10 years |
| Vehicles | 8-10 years |

Residual value of tangible assets is considered to be not more than 5% of the cost of the asset.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments, if any. 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 the balance sheet.

Notes to the standalone financial statements

for the year ended March 31, 2020

The Company amortizes computer software and technical know-how using the straight line method over the period of 5 years.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

k) Borrowing costs

Interest and other borrowing costs attributable to qualifying assets, which takes substantial period of time to get ready for its intended use, are capitalized. All other interest and borrowing costs are charged to the statement of profit and loss. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

l) Lease

The Company assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases (that do not contain purchase option) and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation/amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated/amortized on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets, as estimated by the management. Leasehold land has been amortized over the lease term of 90 years.

(ii) Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payment less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate is implicit in the lease not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Lease payments on short-term leases and lease of low-value assets are recognized as expense on a straight-line basis over the lease term.

Notes to the standalone financial statements

for the year ended March 31, 2020

m) Inventories

(i) Measurement of Inventory

Inventories of raw material, stores & spares, work-in-progress, finished goods and stock-in-trade (including goods-in-transit) are stated at cost or net realizable value, whichever is lower. Waste & scrap is valued at net realizable value.

(ii) Cost of Inventories

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase of inventories comprise the purchase price, import duties and other non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of inventory items. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting material into finished goods.

Cost of inventories is ascertained on the 'weighted average' basis except stock-in-trade, where cost is ascertained on first-in-first-out (FIFO) basis.

(iii) Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is ascertained for each item of inventories with reference to the selling prices of related finished products. Estimate of net realizable value of finished goods and stock-in-trade are based on the most reliable evidence, available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of the inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Amount of write down of the inventories below cost is recognized as an expense as and when the event occurs.

n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, if any, are recognized in the statement of profit and loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

o) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the standalone financial statements

for the year ended March 31, 2020

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The Company does not recognise a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resource is remote.

Provisions and contingent liabilities are reviewed at each balance sheet date.

p) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit

The liabilities for earned leave, that are not expected to be settled wholly within 12 months, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, family pension fund and employee's state insurance

(a) Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expenses in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

(b) Defined contribution plans

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 Government of India, and are recognized as an expense when employees have rendered service entitling them to the contributions.

Notes to the standalone financial statements

for the year ended March 31, 2020

q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand, bank overdrafts and short-term deposits with an original maturities of three months or less, which are subject to an insignificant risk of changes in value.

r) Investment in subsidiary

Non-current investment in subsidiary is recognized at cost, unless there are indications of a permanent diminution in the value of investment, as per Ind AS 27.

s) Financial instruments

a) Financial assets

i. Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not measured at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are accounted for using the trade date accounting.

ii. Classification and subsequent measurement

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss.

iii. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

iv. Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the standalone financial statements

for the year ended March 31, 2020

- b) **Financial liabilities**
 - i. **Initial recognition and measurement**

All financial liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in the statement of profit and loss as finance cost.
 - ii. **Classification and subsequent measurement**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.
 - iii. **Derecognition**

A financial liability (or part of a financial liability) is derecognized from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.
- c) **Derivative financial instruments**

The Company uses derivative financial instruments such as interest rate swaps, currency swaps and forward and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss in the period when they arise.
- d) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.
- t) **Earnings per share**
 - (i) **Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.
 - (ii) **Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders of the Company and weighted average number of equity shares outstanding during the year are adjusted for the effect of all potentially dilutive equity shares.
- u) **Standards issued but not effective**

There are no standards that are issued but not yet effective on March 31, 2020.

Notes to the standalone financial statements

for the year ended March 31, 2020

3.1 Property, plant and equipment

| Particulars | | | | | | | (₹ in lakh) |
|---------------------------------|---------------|-----------|-------------------|----------------------|------------------|----------|-------------|
| | Freehold land | Buildings | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles | Total |
| Gross block | | | | | | | |
| As at April 1, 2018 | 1,235.19 | 8,721.14 | 34,219.88 | 148.86 | 334.39 | 264.83 | 44,924.29 |
| Additions | 2.00 | 60.48 | 2,500.85 | 29.18 | 51.20 | 48.01 | 2,691.72 |
| Disposals | - | (58.91) | (1,689.21) | (13.37) | (49.13) | (10.57) | (1,821.19) |
| As at March 31, 2019 | 1,237.19 | 8,722.71 | 35,031.52 | 164.67 | 336.46 | 302.27 | 45,794.82 |
| Additions | 19.42 | - | 485.62 | 0.82 | 17.46 | 40.30 | 563.62 |
| Disposals | - | - | (98.52) | (41.99) | (7.01) | (21.59) | (169.11) |
| As at March 31, 2020 | 1,256.61 | 8,722.71 | 35,418.62 | 123.50 | 346.91 | 320.98 | 46,189.33 |
| Accumulated depreciation | | | | | | | |
| As at April 1, 2018 | - | 2,047.55 | 10,765.28 | 112.73 | 244.43 | 169.51 | 13,339.50 |
| Charge for the year | - | 344.13 | 2,108.75 | 17.02 | 50.29 | 33.71 | 2,553.90 |
| Disposals | - | (41.19) | (1,024.31) | (12.83) | (46.47) | (9.93) | (1,134.73) |
| As at March 31, 2019 | - | 2,350.49 | 11,849.72 | 116.92 | 248.25 | 193.29 | 14,758.67 |
| Charge for the year | - | 333.29 | 2,327.11 | 12.37 | 43.50 | 40.51 | 2,756.78 |
| Disposals | - | - | (42.98) | (41.32) | (6.99) | (20.52) | (111.81) |
| As at March 31, 2020 | - | 2,683.78 | 14,133.85 | 87.97 | 284.76 | 213.28 | 17,403.64 |
| Net block | | | | | | | |
| As at March 31, 2019 | 1,237.19 | 6,372.22 | 23,181.80 | 47.75 | 88.21 | 108.98 | 31,036.15 |
| As at March 31, 2020 | 1,256.61 | 6,038.93 | 21,284.77 | 35.53 | 62.15 | 107.70 | 28,785.69 |

3.2 Capital work-in-progress

| | (₹ in lakh) |
|----------------------|-------------|
| As at March 31, 2019 | - |
| As at March 31, 2020 | 212.61 |

3.3 Right of use assets (ROU)

| | (₹ in lakh) |
|---------------------------------------|---------------|
| Leasehold land | |
| Gross block | |
| As at April 1, 2019 | - |
| Additions* | 126.59 |
| Disposals | - |
| As at March 31, 2020 | 126.59 |
| Accumulated depreciation | |
| As at April 1, 2019 | - |
| Charge for the year | 1.62 |
| Disposals | - |
| As at March 31, 2020 | 1.62 |
| Net block as at March 31, 2020 | 124.97 |

* additions during the year represents reclassification of operating lease of leasehold land from current and non-current portion of prepaid expenses as at April 1, 2019, on account of adoption of Ind AS 116 (also refer note 31.0).

3.4 All property, plant and equipment as well as ROU assets are charged as security for the term loan and working capital loan facilities from banks, to secure their respective dues (refer notes 13.1 and 27.0).

3.5 Refer note 30.1 for contractual commitment for the acquisition of property, plant and equipment.

3.6 There is no impairment loss during the year ended March 31, 2020 and March 31, 2019.

Notes to the standalone financial statements

for the year ended March 31, 2020

4.0 Intangible assets

(₹ in lakh)

| Particulars | Technical Knowhow | Software | Intangible assets under development | Total |
|---------------------------------|-------------------|----------|-------------------------------------|----------|
| Gross block | | | | |
| As at April 1, 2018 | 14.63 | 60.30 | 160.07 | 235.00 |
| Additions | - | 216.87 | 40.00 | 256.87 |
| Disposals | - | - | (200.07) | (200.07) |
| As at March 31, 2019 | 14.63 | 277.17 | - | 291.80 |
| Additions | - | 30.00 | - | 30.00 |
| Disposals | - | (1.46) | - | (1.46) |
| As at March 31, 2020 | 14.63 | 305.71 | - | 320.34 |
| Accumulated amortization | | | | |
| As at April 1, 2018 | 14.63 | 48.78 | - | 63.41 |
| Amortization for the year | - | 25.70 | - | 25.70 |
| Disposals | - | - | - | - |
| As at March 31, 2019 | 14.63 | 74.48 | - | 89.11 |
| Amortization for the year | - | 46.96 | - | 46.96 |
| Disposals | - | (1.38) | - | (1.38) |
| As at March 31, 2020 | 14.63 | 120.06 | - | 134.69 |
| Net block | | | | |
| As at March 31, 2019 | - | 202.69 | - | 202.69 |
| As at March 31, 2020 | - | 185.65 | - | 185.65 |

Net book value

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| 4.1 Intangible assets | 185.65 | 202.69 |
| 4.2 Intangible assets under development* | - | - |

* Intangible assets under development represented cost of ERP software which was under implementation and capitalized during financial year 2019.

4.3 There is no impairment loss during the year ended March 31, 2020 and March 31, 2019.

5.0 Non-current financial assets

5.1 Investment in subsidiary

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Investment in equity instrument of subsidiary company (unquoted, valued at cost) | | |
| Ganesha Ecopet Private Limited* | 1,000.00 | - |
| 1,00,00,000 (March 31, 2019: Nil) equity shares of ₹ 10 each fully paid up | | |
| Total | 1,000.00 | - |

* Maximum amount outstanding during the year ₹ 1,000.00 Lakh (March 31, 2019: ₹ Nil). There is no impairment loss in the value of investment.

Notes to the standalone financial statements

for the year ended March 31, 2020

| 5.2 Loans | | (₹ in lakh) | |
|--|-------------------------|-------------------------|-------------|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Loans to related party | | | |
| Loan to subsidiary* | 990.00 | | - |
| Loans to others | | | |
| Loans to employees | 2.21 | | 3.26 |
| Total | 992.21 | | 3.26 |
| Break-up: | | | |
| Loans considered good - secured | - | | - |
| Loans considered good - unsecured | 992.21 | | 3.26 |
| Loans which have significant increase in credit risk | - | | - |
| Loans - credit impaired | - | | - |
| | 992.21 | | 3.26 |
| Less: Allowance for doubtful loans | - | | - |
| Total | 992.21 | | 3.26 |

* Maximum amount outstanding during the year is ₹ 990.00 Lakh (March 31, 2019: ₹ Nil). The loan was given for setting up of project.

Refer note 36.0 for information about credit risk and market risk of loans.

| 5.3 Others | | (₹ in lakh) | |
|---|-------------------------|-------------------------|---------------|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Bank deposits with remaining maturity of more than twelve months* | 72.59 | | 640.56 |
| Total | 72.59 | | 640.56 |

*held as lien by banks against bank guarantees & other credit facilities amounting to ₹ 72.59 Lakh (March 31, 2019: ₹ 269.96 Lakh).

| 6.0 Other non-current assets | | (₹ in lakh) | |
|------------------------------|-------------------------|-------------------------|---------------|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Capital advances | 267.67 | | 17.88 |
| Security deposits | 324.73 | | 316.89 |
| Prepaid expenses* | 13.08 | | 131.12 |
| Total | 605.48 | | 465.89 |

* amount for the year ended March 31, 2019 includes unamortized non-current portion of leasehold land, which has been re-classified as ROU assets in the current year.

Notes to the standalone financial statements

for the year ended March 31, 2020

7.0 Inventories

(At lower of cost and net realisable value)

| Particulars | (₹ in lakh) | |
|-----------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Raw materials | 6,254.07 | 7,281.65 |
| Work-in-progress | 571.27 | 575.00 |
| Finished goods | 5,812.99 | 2,034.29 |
| Finished goods (in-transit) | 187.32 | 1,279.54 |
| Stock-in-trade | 86.13 | 172.32 |
| Stock-in-trade (in-transit) | 14.19 | 35.48 |
| Stores and spares | 1,554.97 | 1,595.28 |
| Total | 14,480.94 | 12,973.56 |

Cost of inventories amounting to ₹ 457.40 Lakh (March 31, 2019: ₹ 42.44 Lakh) in respect of write-downs of inventory to net realisable value has been expensed out in the statement of profit and loss.

8.0 Current financial assets

8.1 Current investment

(carried at fair value through profit and loss)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | No. of units | Amount | No. of units | Amount |
| a) Investment in mutual funds (unquoted): | | | | |
| SBI Overnight Fund (units of ₹ 1,000 each) | - | - | 40,445.695 | 1,250.72 |
| SBI Liquid Fund (units of ₹ 1,000 each) | - | - | 42,736.589 | 1,251.57 |
| SBI Debt Fund Series C -45 (92 days) (units of ₹10 each) | - | - | 10,00,000.000 | 100.67 |
| SBI Banking & PSU Fund (units of ₹ 1,000 each) | 1,10,653.476 | 2,617.33 | - | - |
| HDFC Banking & PSU Debt Fund (units of ₹10 each) | 6,04,013.125 | 99.79 | - | - |
| Axis Dynamic Bond Fund (units of ₹ 10 each) | 22,15,143.608 | 508.39 | - | - |
| Franklin India Banking & PSU Debt Fund (units of ₹ 10 each) | 12,78,715.147 | 210.74 | - | - |
| DSP Banking & PSU Debt Fund (units of ₹ 10 each) | 29,60,314.030 | 524.35 | - | - |
| ICICI Pru Corporate Bond Fund (units of ₹ 10 each) | 9,98,611.929 | 207.97 | - | - |
| L&T Triple Ace Bond Fund (units of ₹10 each) | 18,69,535.585 | 1,033.23 | - | - |
| Kotak Banking & PSU Debt Fund (units of ₹ 10 each) | 10,80,116.566 | 514.64 | - | - |
| SBI Equity Hybrid Fund Growth (units of ₹ 10 each) | 2,70,140.493 | 341.57 | - | - |
| Axis Banking & PSU Debt Fund (units of ₹ 100 each) | 10,892.881 | 208.20 | - | - |
| Sub-total | | 6,266.21 | | 2,602.96 |
| b) Investment in bonds (unquoted): | | | | |
| IIFL Secure Trust July 2019 Series A PTC (units of ₹ 1,00,000 each) | 219.000 | 6.27 | - | - |
| Indusind Bank Series III-2019 10.5% NCD Perpetual (units of ₹ 10,00,000 each) | 35.000 | 350.00 | - | - |
| Sub-total | | 356.27 | | - |
| c) Fixed deposits with financial institutions | | 1,700.00 | | 200.00 |
| Sub-total | | 1,700.00 | | 200.00 |
| Total | | 8,322.48 | | 2,802.96 |

Refer note 35.0 and 36.0 for information about fair value measurement, credit risk and market risk of investments.

Notes to the standalone financial statements

for the year ended March 31, 2020

8.2 Trade receivables

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Trade receivables | 9,922.19 | 9,155.19 |
| Less: Allowance for doubtful trade receivables | (185.49) | (310.29) |
| Total | 9,736.70 | 8,844.90 |
| Break-up: | | |
| Receivables considered good - secured | 431.71 | 679.45 |
| Receivables considered good - unsecured | 9,304.99 | 8,165.45 |
| Receivables which have significant increase in credit risk | - | - |
| Receivables - credit impaired | - | - |
| Receivables considered doubtful - unsecured | 185.49 | 310.29 |
| | 9,922.19 | 9,155.19 |
| Less: Allowance for doubtful trade receivables | (185.49) | (310.29) |
| Total | 9,736.70 | 8,844.90 |

Notes:

- Trade receivable represents the amount of consideration, in exchange for goods transferred to the customers, that is unconditional. There are no contract assets and contract liabilities.
- No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director of the Company is a partner, a director or a member.
- No trade receivables are due from any other related party.
- Refer note 35.0 and 36.0 for information about fair value measurement, credit risk and market risk of trade receivables.

8.3 Cash and cash equivalents

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Capital advances | | |
| - On current accounts | 104.18 | 390.89 |
| - Deposits with original maturity of less than three months | - | 1,215.33 |
| Cash on hand | 6.07 | 7.50 |
| Total | 110.25 | 1,613.72 |

8.4 Bank balances other than cash and cash equivalents

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Unclaimed dividend (Earmarked) | 65.77 | 69.78 |
| Deposits with original maturity of more than three months* | 293.49 | 655.22 |
| Total | 359.26 | 725.00 |

*held as lien by banks against bank guarantees and letter of credits amounting of ₹ 293.49 Lakh (March 31, 2019: ₹ 84.89 Lakh).

Notes to the standalone financial statements

for the year ended March 31, 2020

| 8.5 Loans | | (₹ in lakh) | |
|--|-------------------------|-------------------------|--|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Loans to employees | 1.41 | 2.33 | |
| Total | 1.41 | 2.33 | |
| Break-up: | | | |
| Loans considered good - secured | - | - | |
| Loans considered good - unsecured | 1.41 | 2.33 | |
| Loans which have significant increase in credit risk | - | - | |
| Loans - credit impaired | - | - | |
| Total | 1.41 | 2.33 | |
| Less: Allowance for doubtful loans | - | - | |
| Total | 1.41 | 2.33 | |

Note: Refer note 36.0 for information about credit risk and market risk of loans.

| 8.6 Other financial assets | | (₹ in lakh) | |
|--|-------------------------|-------------------------|--|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Unsecured, considered good | | | |
| Interest receivable on fixed deposits and others | 118.65 | 45.52 | |
| Total | 118.65 | 45.52 | |

| 9.0 Other current assets | | (₹ in lakh) | |
|---------------------------------------|-------------------------|-------------------------|--|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| Unsecured, considered good | | | |
| Security deposits | 15.61 | 13.77 | |
| Advances to suppliers | 547.22 | 1,465.35 | |
| Advances to employees and others | 37.45 | 18.41 | |
| Prepaid expenses* | 200.83 | 106.62 | |
| Balances with Government authorities | 140.54 | 67.42 | |
| Interest receivable - others | 26.50 | 40.37 | |
| Export incentives receivable | 50.47 | 58.87 | |
| Sub-total | 1,018.62 | 1,770.81 | |
| Unsecured, considered doubtful | | | |
| Advances to suppliers | 30.55 | 16.12 | |
| Less: Allowance for doubtful advances | (30.55) | (16.12) | |
| Sub-total | - | - | |
| Total | 1,018.62 | 1,770.81 | |

* amount for the year ended March 31, 2019 includes unamortized current portion of leasehold land, which has been re-classified as ROU assets in the current year.

Notes to the standalone financial statements

for the year ended March 31, 2020

10.0 Current tax assets (net)

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--------------|-------------------------|-------------------------|
| Income-tax | 414.34 | - |
| Total | 414.34 | - |

11.0 Assets held for sale/ disposal

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Discarded fixed assets held for sale/ disposal | 35.57 | 48.93 |
| Total | 35.57 | 48.93 |

12.1 Share capital

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Authorised | | |
| 3,40,00,000 (March 31, 2019: 3,40,00,000) equity shares of ₹ 10/- each | 3,400.00 | 3,400.00 |
| 21,50,000 (March 31, 2019: 21,50,000) preference shares of ₹100/- each | 2,150.00 | 2,150.00 |
| Total | 5,550.00 | 5,550.00 |
| Issued, subscribed and fully paid up | | |
| 2,18,29,397 (March 31, 2019: 2,18,29,397) equity shares of ₹ 10/- each | 2,182.94 | 2,182.94 |
| Total | 2,182.94 | 2,182.94 |

Notes:

i) Reconciliation of number of shares outstanding at the beginning and at the end of the year:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------------------|-------------------------|-------------------------|
| Equity shares | | |
| As at the beginning of the year | 2,18,29,397 | 1,91,76,877 |
| Add: Shares issued during the year | - | 26,52,520 |
| As at the end of the year | 2,18,29,397 | 2,18,29,397 |

ii) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of equity shares having par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the 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 shareholding.

Notes to the standalone financial statements

for the year ended March 31, 2020

iii) Shares in the Company held by each shareholder holding more than five per cent:

| Name of the shareholder | As at March 31, 2020 | | As at March 31, 2019 | |
|--|----------------------|-----------|----------------------|-----------|
| | Nos. | % holding | Nos. | % holding |
| Equity shares of ₹ 10/- each fully paid up | | | | |
| MCAP India Fund Limited | 29,75,877 | 13.63 | 29,75,877 | 13.63 |
| GPL Finance Limited | 22,13,711 | 10.14 | 21,27,658 | 9.75 |
| SBI Mutual Fund | 20,03,258 | 9.18 | 20,92,625 | 9.59 |
| Shyam Sunder Sharmma | 19,38,927 | 8.88 | 19,38,927 | 8.88 |
| DSP Equity Fund | 13,26,100 | 6.07 | 13,26,100 | 6.07 |
| Rajesh Sharma | 10,95,529 | 5.02 | 10,95,529 | 5.02 |

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

12.2 Other equity

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Capital redemption reserve | 450.00 | 450.00 |
| Capital reserve | 225.28 | 225.28 |
| Securities premium | 13,952.72 | 13,952.72 |
| General reserve | 264.13 | 264.13 |
| Retained earnings | 30,693.48 | 24,819.84 |
| Total | 45,585.61 | 39,711.97 |
| (a) Capital redemption reserve | | |
| Opening balance | 450.00 | 450.00 |
| Adjustment during the year | - | - |
| Closing balance | 450.00 | 450.00 |
| (b) Capital reserve | | |
| Opening balance | 225.28 | 225.28 |
| Adjustment during the year | - | - |
| Closing balance | 225.28 | 225.28 |
| (c) Securities premium | | |
| Opening balance | 13,952.72 | 4,389.60 |
| Received during the year | - | 9,734.75 |
| Share issue expenses incurred | - | (171.63) |
| Closing balance | 13,952.72 | 13,952.72 |
| (d) General reserve | | |
| Opening balance | 264.13 | 264.13 |
| Adjustment during the year | - | - |
| Closing balance | 264.13 | 264.13 |
| (e) Retained earnings | | |
| Opening balance | 24,819.84 | 19,036.80 |
| Adjustment during the year | | |
| Net profit for the year | 6,388.17 | 6,195.49 |
| Other comprehensive income (net) for the year | 11.80 | (17.70) |
| Dividend | (436.59) | (327.44) |
| Dividend distribution tax | (89.74) | (67.31) |
| Closing balance | 30,693.48 | 24,819.84 |
| Total (a to e) | 45,585.61 | 39,711.97 |

Notes to the standalone financial statements

for the year ended March 31, 2020

Nature and purpose of reserves

Capital redemption reserve

Capital redemption reserve was created for redemption of preference share capital and it is a non-distributable reserve.

Capital reserve

Capital reserve represent capital subsidy received and amount received on forfeiture of shares of the Company. Capital reserve is utilized in accordance with the provisions of the Companies Act, 2013.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used to transfer profits from retained earnings for general purposes. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

13.0 Borrowings

(₹ in lakh)

| Particulars | Non-current | | Current maturities | |
|---|-----------------|-----------------|--------------------|----------------|
| | As at | As at | As at | As at |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Non-current borrowings | | | | |
| Term loans: | | | | |
| - from banks (secured) | 4,825.81 | 3,825.35 | 824.19 | 629.23 |
| - from State Government (secured) (refer footnote (iv) below) | 150.33 | 137.04 | - | - |
| Foreign currency loans from banks (secured) | - | 1,775.42 | - | 193.96 |
| Loans from director (unsecured) | 120.00 | 120.00 | - | - |
| Loans from directors' relatives (related parties) (unsecured) | 116.50 | 131.50 | - | - |
| | 5,212.64 | 5,989.31 | 824.19 | 823.19 |

Current borrowings

Current

| | | |
|--|-----------------|-----------------|
| Working capital loans from banks | | |
| - Rupee loans (secured) | 2,630.69 | 3,176.35 |
| Loans repayable on demand | | |
| - from directors (unsecured) | 478.00 | 327.00 |
| - from other related parties (unsecured) | 30.00 | 83.00 |
| | 3,138.69 | 3,586.35 |

Notes:

- Refer note 13.1 for the details of effective interest rate, repayment terms and security details for the borrowings.
- The carrying amount of financial and non financial assets as security for secured borrowings is disclosed in note 27.0.
- Refer note 36.0 for liquidity risk.
- Loans discounted to their present value using the average interest rate on borrowings and the differential loan amount has been disclosed as government grant.

v) Net debt reconciliation:

(₹ in lakh)

| Particulars | As at | As at |
|---|-----------------|-----------------|
| | March 31, 2020 | March 31, 2019 |
| Current and non-current borrowings (including current maturities) | 9,175.52 | 10,398.85 |
| Less: Cash and cash equivalents | (110.25) | (1,613.72) |
| Interest payable | 61.84 | 48.53 |
| Net debt | 9,127.11 | 8,833.66 |

Notes to the standalone financial statements

for the year ended March 31, 2020

(₹ in lakh)

| Particulars | Current and non-current borrowings (including current maturities) | Cash and cash equivalents | Interest payable (net of interest subsidy receivable) | Total |
|--------------------------------|---|---------------------------|---|-------------|
| Net debt as at April 1, 2018 | 19,783.51 | (219.15) | 77.70 | 19,642.06 |
| Cash flows | (9,303.21) | (1,394.57) | - | (10,697.78) |
| Other non-cash movements | | | | |
| - foreign exchange adjustments | 5.13 | - | - | 5.13 |
| - fair value adjustments | (86.58) | - | (5.84) | (92.42) |
| Interest expense | - | - | 896.38 | 896.38 |
| Interest paid | - | - | (919.71) | (919.71) |
| Net debt as at March 31, 2019 | 10,398.85 | (1,613.72) | 48.53 | 8,833.66 |
| Cash flows | (1,256.28) | 1,503.47 | - | 247.19 |
| Other non-cash movements | | | | |
| - foreign exchange adjustments | 19.66 | - | - | 19.66 |
| - fair value adjustments | 13.29 | - | (13.29) | - |
| Interest expense | - | - | 628.06 | 628.06 |
| Interest paid | - | - | (601.46) | (601.46) |
| Net debt as at March 31, 2020 | 9,175.52 | (110.25) | 61.84 | 9,127.11 |

13.1 Nature of security and terms of repayment for non-current borrowings (including their current maturities):

| | Nature of security | Terms of repayment |
|---|---|--|
| 1 | Term loan from bank, balance outstanding amounting to ₹ 780.00 Lakh (March 31, 2019: ₹ 860.00 Lakh) is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the Company. The loan is further secured by way of extension of pari passu second charge on current assets of the Company and personal guarantees of some of the executive directors of the Company and other | Repayable in 29 quarterly installments starting from March, 2020 and last installment falling due in March 2027. Rate of interest 8.30% p.a. as at the year end (March 31, 2019: 8.95%). |
| 2 | Term loan from bank, balance outstanding amounting to ₹ Nil (March 31, 2019: ₹ 1.79 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the Company. The loan is further secured by way of extension of pari passu second charge on current assets of the Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of some of the executive directors of the Company and others. | Repaid during current year. Rate of interest 9.90% at the time of repayment (March 31, 2019: 9.90% p.a.). |

Notes to the standalone financial statements

for the year ended March 31, 2020

13.1 Nature of security and terms of repayment for non-current borrowings (including their current maturities): (contd...)

| | Nature of security | Terms of repayment |
|---|---|--|
| 3 | Term loan from bank, balance outstanding amounting to ₹ 2,418.29 Lakh (March 31, 2019: ₹ 2,634.28 Lakh, including foreign currency loan, balance outstanding amounting to ₹ 1,969.38 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future) of the Company. The loan is further secured by way of extension of pari passu second charge on current assets of the Company and personal guarantees of some of the executive directors of the Company and others. | Repayable in 27 quarterly installments starting from April 2020 and last installment falling due in October 2026. Rate of interest 9.00% p.a. as at the year end [March 31, 2019: 10.40% p.a. (Foreign currency loan: Rate of interest 2.95% p.a.)]. |
| 4 | Term loan from bank, balance outstanding amounting to ₹ 2,451.71 Lakh (March 31, 2019: ₹ 2,927.89 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the Company. The loan is further secured by way of extension of pari passu second charge on current assets of the Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of some of the executive directors of the Company and others. | Repayable in 32 quarterly installments starting from January 2019 and last installment falling due in October 2026. Rate of interest 9.50% p.a. as at the year end (March 31, 2019: 9.60% p.a.). |
| 5 | Loan from U.P. Government, balance outstanding amounting to ₹ 23.04 Lakh (March 31, 2019: ₹ 23.04 Lakh), is secured by way of bank guarantee of equivalent amount. | Repayable in 2 installments during August 2023 and December 2023. The loan is interest free. |
| 6 | Loan from U.P. Government, balance outstanding amounting to ₹ 29.42 Lakh (March 31, 2019: ₹ 29.42 Lakh), is secured by way of bank guarantee of equivalent amount. | Repayable in January 2025. The loan is interest free. |
| 7 | Loan from U.P. Government, balance outstanding amounting to ₹ 194.90 Lakh (March 31, 2019: ₹ 194.90 Lakh), is secured by way of bank guarantee of equivalent amount. | Repayable in December 2025. The loan is interest free. |
| 8 | Unsecured loans from directors and their relatives amounting to ₹ 236.50 Lakh (March 31, 2019: ₹ 251.50 Lakh). | Repayable during 2021-22. Rate of interest 8.50% p.a. as at the year end (March 31, 2019: 9.00% p.a.). |

Nature of security and terms of repayment for current borrowings:

| | Nature of security | Terms of repayment |
|---|--|---|
| 1 | Working capital loans from banks, balance outstanding amounting to ₹ 2,630.69 Lakh (March 31, 2019: ₹ 3,176.35 Lakh) 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 second charge on property, plant and equipment of the Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of some of the executive directors of the Company and others. | Repayable on demand. Rate of interest is ranging from 9.10% to 9.75% p.a. over the tenure of the loans. (March 31, 2019: Rate of interest ranging from 8.60% to 13% p.a.) |
| 2 | Unsecured loans from directors and other related parties amounting to ₹ 508.00 Lakh (March 31, 2019: ₹ 410.00 Lakh). | Repayable on demand. Rate of interest 8.50% p.a. as at the year end (March 31, 2019: 9.00% p.a.). |

13.2 The Company has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of the loans.

Notes to the standalone financial statements

for the year ended March 31, 2020

14.0 Government grants

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| At the beginning of the year | 504.87 | 438.67 |
| Received during the year* | 21.99 | 99.67 |
| Released to the statement of profit and loss | (42.99) | (33.47) |
| At the end of the year | 483.87 | 504.87 |
| 14.1 Current | 44.27 | 42.91 |
| 14.2 Non-current | 439.60 | 461.96 |

*Refer note 30.1.b for the details of unfulfilled commitments as at the balance sheet date related to Government grant received under the EPCG Scheme.

15.1 Trade payables

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Trade payables | | |
| - Total outstanding dues of micro enterprises and small enterprises | 43.52 | 155.35 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,368.74 | 2,603.91 |
| Total | 3,412.26 | 2,759.26 |

Refer note 36.0 for information about liquidity risk and market risk of trade payables.

Notes:

Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| a) The principal amount remaining unpaid to any supplier at the end of the year | 43.52 | 155.35 |
| b) Interest due remaining unpaid to any supplier at the end of the year | - | - |
| c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

Disclosure of payable to vendors as defined under the MSMED Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

Notes to the standalone financial statements

for the year ended March 31, 2020

15.2 Other current financial liabilities

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Current maturities of long-term borrowings | 824.19 | 823.19 |
| Creditors for capital expenditure | 10.75 | 182.95 |
| Interest accrued | 61.84 | 48.53 |
| Unclaimed dividends* | 65.77 | 69.78 |
| Mark to market of derivative financial instruments | 125.88 | 6.13 |
| Other payables | 2,600.19 | 2,069.64 |
| Total | 3,688.62 | 3,200.22 |

* During the year, the Company has transferred ₹ 10.69 Lakh (March 31, 2019: ₹ 8.65 Lakh) to Investor Education and Protection Fund towards unclaimed dividend and there are no overdue amounts as at the balance sheet date.

16.0 Other current liabilities

| Particulars | (₹ in lakh) | |
|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Advance from customers | 124.68 | 44.37 |
| Statutory dues payables | 172.85 | 703.20 |
| Total | 297.53 | 747.57 |

17.0 Provisions

| Particulars | (₹ in lakh) | |
|----------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Employee benefits | | |
| 17.1 Non-current | | |
| Leave obligations | 124.40 | 86.19 |
| Gratuity (refer note 29.1) | 594.89 | 504.80 |
| Total | 719.29 | 590.99 |
| 17.2 Current | | |
| Leave obligations | 43.89 | 31.28 |
| Gratuity (refer note 29.1) | 99.57 | 84.04 |
| Total | 143.46 | 115.32 |

18.1 Current tax liabilities (net)

| Particulars | (₹ in lakh) | |
|--------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Income-tax | - | 99.57 |
| Total | - | 99.57 |

Notes to the standalone financial statements

for the year ended March 31, 2020

18.2 Deferred tax liabilities (net)

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|--|-------------------------|-------------------------|
| Deferred tax assets | (315.94) | (397.22) |
| Deferred tax liabilities | 2,028.45 | 2,520.22 |
| Deferred tax liabilities (net) | Sub-total | 2,123.00 |
| Less: MAT credit entitlement (refer note 39.0) | - | (435.09) |
| Total | 1,712.51 | 1,687.91 |

18.2.a Movement of deferred tax liabilities (net)

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Deferred tax liabilities (net) | | |
| As at the beginning of the year | 2,123.00 | 1,947.03 |
| Charge/ (credit) to statement of profit and loss* | (410.49) | 175.97 |
| Sub-total | 1,712.51 | 2,123.00 |
| Less: MAT credit entitlement (refer note 39.0) | - | (435.09) |
| Total | 1,712.51 | 1,687.91 |

*Deferred tax on remeasurement of defined benefit obligation of ₹ 3.97 Lakhs has been charged to other comprehensive income (March 31, 2019: credit of ₹ 9.50 Lakh).

18.2.b Components of deferred tax (assets)/ liabilities

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Deferred tax liability | | |
| Property, plant and equipment | 2,016.34 | 2,520.22 |
| Others | 12.11 | - |
| Sub-total | 2,028.45 | 2,520.22 |
| Deferred tax asset | | |
| Expenses allowed in the year of payment | (261.57) | (283.16) |
| Provision for doubtful trade receivables and advances | (54.37) | (114.06) |
| Sub-total | (315.94) | (397.22) |
| Deferred tax (assets)/ liabilities (net) | 1,712.51 | 2,123.00 |
| Less: MAT credit entitlement (refer note 39.0) | - | (435.09) |
| Total | 1,712.51 | 1,687.91 |

Notes to the standalone financial statements

for the year ended March 31, 2020

19.0 Revenue from operations

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Sale of products | | |
| Finished goods (including process waste) | 86,558.56 | 99,719.41 |
| Stock-in-trade | 1,777.51 | 1,882.65 |
| Sub-total | 88,336.07 | 1,01,602.06 |
| Other operating revenues | | |
| Sale of waste and scrap | 200.66 | 227.26 |
| Job work receipts | 3.48 | 5.91 |
| Insurance claims received | 24.62 | 51.23 |
| Export incentive | 126.44 | 150.27 |
| Allowance for doubtful trade receivables written back (net) | 110.37 | - |
| Income from recycling certification | 78.75 | - |
| Liabilities no longer required written back | 1.11 | 11.85 |
| Others | 1.89 | - |
| Sub-total | 547.32 | 446.52 |
| Total | 88,883.39 | 1,02,048.58 |

The Company offers, performance based discounts and other discounts as per the prevailing trade practices at the time of sale. A sale invoice is the de facto contract agreement with the Customers. Any credit notes for discounts issued thereafter are reduced from gross sales and net sales is shown in the statement of profit and loss. Details of the revenue from contracts with customers as it appears in the invoices raised on them and credit notes issued thereafter are as under:

| Particulars | | |
|--|------------------|--------------------|
| a. Revenue from contracts with customers | 88,539.45 | 1,01,773.09 |
| Less: | | |
| b. Performance and price discounts | 102.83 | 108.85 |
| c. Other discounts | 100.55 | 62.18 |
| Revenue from sale of products | 88,336.07 | 1,01,602.06 |

Notes to the standalone financial statements

for the year ended March 31, 2020

20.0 Other income

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Interest income | 384.64 | 127.10 |
| Government grants* | 92.99 | 290.43 |
| Gain on foreign currency fluctuations and translations (net) | - | 198.08 |
| Profit on sale of investments | 208.51 | - |
| Fair value gain on financial assets | 48.13 | 2.96 |
| Miscellaneous income | 15.34 | - |
| Total | 749.61 | 618.57 |

*Government grants for the year ended March 31, 2020 includes ₹ 50.00 Lakh (March 31, 2019: 256.96 Lakh) received by the Company from Handloom & Textile Industry Department, Uttar Pradesh against the interest expense incurred on term loans taken from banks and further includes ₹ 42.99 Lakh (March 31, 2019: ₹ 33.47 Lakh) against reversal of deferred Government grant.

21.0 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Inventories at the end of the year* | | |
| Finished goods | 6,000.31 | 3,313.83 |
| Stock-in-trade | 100.32 | 207.80 |
| Work-in-progress | 571.27 | 575.00 |
| Sub-total | 6,671.90 | 4,096.63 |
| Inventories at the beginning of the year* | | |
| Finished goods | 3,313.83 | 4,912.01 |
| Stock-in-trade | 207.80 | 227.79 |
| Work-in-progress | 575.00 | 900.92 |
| Sub-total | 4,096.63 | 6,040.72 |
| Total | (2,575.27) | 1,944.09 |

*including goods-in-transit.

22.0 Employee benefits expenses

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages | 5,503.31 | 4,610.70 |
| Contribution to provident and other funds (refer note 29.2) | 248.74 | 191.52 |
| Gratuity expense (refer note 29.1) | 150.82 | 123.72 |
| Staff welfare expenses | 98.93 | 116.64 |
| Total | 6,001.80 | 5,042.58 |

Notes to the standalone financial statements

for the year ended March 31, 2020

23.0 Other expenses

| Particulars | (₹ in lakh) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| A. Manufacturing expenses: | | |
| Consumption of stores and spares | 2,434.21 | 2,827.24 |
| Power and fuel | 8,396.63 | 9,104.36 |
| Processing charges | 942.28 | 941.43 |
| Repairs and maintenance | | |
| - Plant and machinery | 389.27 | 407.58 |
| - Buildings | 203.98 | 308.41 |
| Sub-total | 12,366.37 | 13,589.02 |
| B. Administrative expenses | | |
| Rent (refer note 31.0) | 100.54 | 99.72 |
| Rates and taxes | 10.32 | 12.35 |
| Insurance | 124.05 | 106.74 |
| Repairs and maintenance - others | 108.30 | 58.84 |
| CSR expenditure (refer note 32.0) | 124.42 | 93.51 |
| Travelling and conveyance | 200.12 | 194.90 |
| Communication costs | 49.87 | 54.31 |
| Printing and stationery | 41.12 | 40.41 |
| Legal and professional fee | 58.48 | 71.11 |
| Cost auditors' remuneration | 1.00 | 1.00 |
| Directors' sitting fee | 2.45 | 1.85 |
| Payment to auditor (refer details below) | 12.81 | 14.33 |
| Bad debts/ advances written off | 66.71 | 60.58 |
| Allowances for doubtful trade receivables and advances | - | 176.99 |
| Loss on sale/ discard of property, plant and equipment (net) | 53.02 | 564.45 |
| Miscellaneous expenses | 133.15 | 130.21 |
| Vehicle running and maintenance | 80.83 | 94.07 |
| Commission to non-executive directors | 44.24 | 36.67 |
| Security service charges | 149.27 | 144.48 |
| Loss on foreign currency fluctuations and translations (net) | 23.92 | - |
| Depreciation of leasehold land (refer note 3.3) | - | 1.61 |
| Sub-total | 1,384.62 | 1,958.13 |
| C. Selling expenses | | |
| Freight and forwarding charges | 2,853.29 | 2,993.25 |
| Other selling and distribution expenses | 546.06 | 466.50 |
| Sub-total | 3,399.35 | 3,459.75 |
| Total | 17,150.34 | 19,006.90 |

Notes to the standalone financial statements

for the year ended March 31, 2020

| 23.0 Other expenses (contd...) | | (₹ in lakh) | |
|--|--------------------------------------|--------------------------------------|--|
| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | |
| Break up of payment to auditor: | | | |
| As auditor: | | | |
| - Audit fee | 8.50 | 8.50 | |
| - Tax audit fee | 1.00 | 1.00 | |
| - Limited review fee | 3.00 | 2.50 | |
| In other capacity | | | |
| - Other services (certification fee)* | 0.10 | 1.30 | |
| - Reimbursement of expenses* | 0.21 | 1.03 | |
| Total | 12.81 | 14.33 | |

* Certification fee and reimbursement of expenses of ₹ Nil (March 31, 2019: ₹ 9.58 Lakh) paid to Auditors in respect of raising of capital through QIP has been adjusted against securities premium.

| 24.0 Depreciation and amortization expense | | (₹ in lakh) | |
|---|--------------------------------------|--------------------------------------|--|
| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | |
| Depreciation on property, plant and equipment | 2,756.78 | 2,553.90 | |
| Amortization of intangible assets | 46.96 | 25.70 | |
| Depreciation on right-of-use assets | 1.62 | - | |
| Total | 2,805.36 | 2,579.60 | |

| 25.0 Finance costs | | (₹ in lakh) | |
|--|--------------------------------------|--------------------------------------|--|
| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 | |
| Interest | 628.06 | 896.38 | |
| Exchange differences regarded as an adjustment to borrowing cost | 39.36 | 30.41 | |
| Other borrowing costs (including bank charges) | 109.93 | 121.99 | |
| Total | 777.35 | 1,048.78 | |

Notes to the standalone financial statements

for the year ended March 31, 2020

26.0 Tax expense

26.1 The major components of income-tax expense are as under:

| Particulars | (₹ in lakh) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| A) Profit and loss section | | |
| Current tax | | |
| In respect of current year | 1,957.14 | 3,318.58 |
| In respect of earlier years | - | 19.67 |
| Sub-total | 1,957.14 | 3,338.25 |
| Deferred tax | | |
| Relating to origination and reversal of temporary differences | (414.46) | 185.47 |
| Sub-total | (414.46) | 185.47 |
| MAT credit reversed* | | |
| | 416.59 | 8.12 |
| Sub-total | 416.59 | 8.12 |
| Total | 1,959.27 | 3,531.84 |
| B) Other comprehensive income ('OCI') section | | |
| Deferred tax related to items recognized in OCI during the year: | | |
| Re-measurement gain/ (loss) on defined benefit obligation | 3.97 | (9.50) |
| Total | 3.97 | (9.50) |

* Refer note 39.0

26.2 Reconciliation of tax expense and the accounting profit multiplied by applying the statutory income-tax rate to the profit before tax is as under:

| Particulars | (₹ in lakh) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Accounting profit before income-tax | 8,347.44 | 9,727.33 |
| Enacted income-tax rate applicable to the Company | 25.168% | 34.944% |
| Current tax expense on profit before tax at the enacted income-tax rate | 2,100.88 | 3,399.12 |
| Adjustments in respect of current income-tax of earlier years | - | 19.67 |
| Adjustments in respect of MAT credit of earlier years | - | 8.12 |
| Permanent disallowances | 35.46 | 34.21 |
| Reversal of opening deferred tax (including MAT reversed) due to change in tax rates | (177.34) | - |
| Others | 0.27 | 70.72 |
| Total income-tax expense | 1,959.27 | 3,531.84 |

Consequent to reconciliation items shown above, the effective tax rate is 23.472% (March 31, 2019: 36.309%).

Notes to the standalone financial statements

for the year ended March 31, 2020

27.0 Assets pledged as security

The carrying amount of assets pledged as security for current and non-current borrowings are: (₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| First charge | | |
| Non-current assets | | |
| Property, plant and equipment | 28,785.69 | 31,036.15 |
| Capital work-in-progress | 212.61 | - |
| Right of use assets | 124.97 | - |
| Non-current financial assets | 2,064.80 | 643.82 |
| Other non-current assets | 605.48 | 465.89 |
| Total non-current assets pledged as security | 31,793.55 | 32,145.86 |
| Second charge | | |
| Current assets | | |
| Financial assets | | |
| Investments | 8,322.48 | 2,802.96 |
| Trade receivables | 9,736.70 | 8,844.90 |
| Cash and cash equivalents | 110.25 | 1,613.72 |
| Bank balances | 293.49 | 655.22 |
| Others | 120.06 | 47.85 |
| Non financial assets | | |
| Inventories | 14,480.94 | 12,973.56 |
| Current tax assets | 414.34 | - |
| Others | 1,054.19 | 1,819.74 |
| Total current assets pledged as security | 34,532.45 | 28,757.95 |
| Total assets pledged as security | 66,326.00 | 60,903.81 |

28.0 Earnings per share

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Earning per share has been computed as under: | | |
| Profit for the year (₹ in Lakh) | 6,388.17 | 6,195.49 |
| Weighted average number of equity shares outstanding (Numbers) | 2,18,29,397 | 2,15,53,244 |
| Earnings per share (₹) - Basic (face value of ₹ 10/- per share) | 29.26 | 28.74 |
| Earnings per share (₹) - Diluted (face value of ₹ 10/- per share) | 29.26 | 28.74 |

Notes to the standalone financial statements

for the year ended March 31, 2020

29.0 Gratuity and other post-employment benefit plans

29.1 Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the numbers of years of services. The gratuity plan is an unfunded plan.

Movement in the present value of the defined benefit obligation for gratuity are as follows: (₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Opening defined benefit obligation | 588.84 | 461.70 |
| Current service cost | 106.66 | 88.63 |
| Past service cost | - | - |
| Interest expense | 44.16 | 35.09 |
| Benefits paid | (29.43) | (23.78) |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (0.01) | (0.81) |
| Actuarial (gains) / losses arising from changes in financial assumptions | 34.80 | 2.93 |
| Actuarial (gains) / losses arising from experience adjustments | (50.56) | 25.08 |
| Closing defined benefit obligation | 694.46 | 588.84 |

Net liability recognized in balance sheet: (₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Present value of defined benefit obligation | 694.46 | 588.84 |
| Fair value of plan assets | - | - |
| Funded status (deficit) | (694.46) | (588.84) |
| Net liability recognized in balance sheet | 694.46 | 588.84 |
| Break-up of defined benefit obligation | | |
| Current liability | 99.57 | 84.04 |
| Non-current liability | 594.89 | 504.80 |
| Total | 694.46 | 588.84 |

Net defined benefit expense recognized in employee benefit expenses in the statement of profit and loss: (₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------|--------------------------------------|--------------------------------------|
| Current service cost | 106.66 | 88.63 |
| Net interest cost | 44.16 | 35.09 |
| Total | 150.82 | 123.72 |

Remeasurement (gain)/ loss recognized in other comprehensive income (₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gains) / losses arising from changes in demographic assumptions | (0.01) | (0.81) |
| Actuarial (gains) / losses arising from changes in financial assumptions | 34.80 | 2.93 |
| Actuarial (gains) / losses arising from experience adjustments | (50.56) | 25.08 |
| Total | (15.77) | 27.20 |

Notes to the standalone financial statements

for the year ended March 31, 2020

The principal assumptions used in determining gratuity as shown below:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|------------------------|--|--|
| Discount rate | 6.50% | 7.50% |
| Salary escalation rate | 7.00% | 7.00% |
| Withdrawal rate | 15.00% | 15.00% |
| Mortality | Published rates under the Indian Assured Lives Mortality (2012-14) | Published rates under the Indian Assured Lives Mortality (2006-08) |

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the key assumptions is as under:

(₹ in lakh)

| Particulars | Year | Change in assumption | Change due to increase in assumption | Change due to decrease in assumption |
|------------------------|----------------|-------------------------|--|--|
| Discount rate | March 31, 2020 | 1.00% | (34.80) | 38.56 |
| | March 31, 2019 | 1.00% | (28.08) | 30.98 |
| Salary escalation rate | March 31, 2020 | 1.00% | 36.95 | (34.21) |
| | March 31, 2019 | 1.00% | 30.18 | (28.01) |
| Withdrawal rate | March 31, 2020 | 1.00% | negligible | negligible |
| | March 31, 2019 | 1.00% | | |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. There is no change in the method of valuation for the prior periods.

Maturity profile of demand of defined benefit obligation is as under:

(₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------|-------------------------|-------------------------|
| Within 1 year | 99.57 | 84.04 |
| 1 - 2 Year | 88.09 | 77.11 |
| 2 - 3 Year | 80.00 | 69.30 |
| 3 - 4 Year | 67.35 | 60.30 |
| 4 - 5 Year | 59.30 | 52.90 |
| Above 5 years | 300.15 | 245.19 |
| Total | 694.46 | 588.84 |

Fair value and changes in fair value of plan assets during the year ended March 31, 2020:

Gratuity obligations are not funded.

As per the policy of the Company, no gratuity is payable to the executive directors of the Company.

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

29.2 Defined contribution plans

The Company also has certain defined contribution plans, such as provident fund, family pension fund and employee's state insurance for benefit of employees. Contributions are made to funds administered by the Government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the year towards contribution to defined contribution plans is ₹ 248.74 Lakh (March 31, 2019: ₹ 191.52 Lakh).

29.3 Leave obligation

The Company provides for leave obligations based on actuarial valuation carried at the year end using the projected unit credit method.

Notes to the standalone financial statements

for the year ended March 31, 2020

30.0 Commitments and contingencies (to the extent not provided for)**30.1 Commitments**

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances): | 763.82 | 0.88 |
| 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 | - | 146.24 |
| Total | 763.82 | 147.12 |

30.2 Contingent liabilities

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| a) Matters with tax authorities | | |
| - Income-tax matters | 42.04 | 42.04 |
| - Entry tax matters | 36.69 | 36.69 |
| - VAT matters | 7.66 | 8.31 |
| - Service tax matters | - | 2.96 |
| b) Demand as environmental compensation has been raised by Uttarakhand Pollution Control Board ('UPCB') in pursuance of a general order of Hon'ble National Green Tribunal ('NGT') dated November 14, 2019 ('Order'). The operation of the said Order has been stayed by the Hon'ble Supreme Court vide its order dated March 18, 2020. The management believes that this demand has erroneously been raised on the Company by UPCB and not sustainable. | 100.00 | - |
| c) Bills discounted under letters of credit and outstanding | 17.56 | 399.95 |
| d) Claims against the Company not acknowledged as debt (interest thereon not ascertainable at present) | 36.88 | 40.51 |
| Total | 240.83 | 530.46 |

31.0 Leases

The Company's lease assets primarily consist of leases for land taken for factory premises, office premises, guest houses and warehouses having different lease terms. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and no adjustments were made in the previous year numbers.

On transition, the adoption of the new standard resulted in recognition of right of use asset of ₹ 126.59 Lakh in respect of the land lease for factory premises by reclassifying the amounts lying in non-current and current portion of prepaid expenses. The Company does not have any lease liability since the entire amount of lease premium for the aforesaid land lease was paid in advance and there is no future lease liability. There has been no effect of applying the standard on retained earnings as at April 1, 2019, on the profit before tax, profit for the period, earnings per share, cash flow from operating activities and cash flow from financing activities.

Notes to the standalone financial statements

for the year ended March 31, 2020

The following is the summary of practical expedients elected on initial application:

- The Company has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The Company has applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead, it has applied Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17.

For details pertaining to the carrying value of right of use asset and amortization charged thereon during the year, refer note 3.3 of the financial statements.

The Company does not have any lease liability and thus there are no liquidity risks.

Rental expense recorded for short-term leases and low value asset leases is ₹ 100.54 Lakh for the year ended March 31, 2020 (March 31, 2019: ₹ 99.72 Lakh).

32.0 Details of corporate social responsibility (CSR) expenditure

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|---|--------------------------------------|--------------------------------------|
| Amount required to be spent as per Section 135 of the Companies Act, 2013 | 137.20 | 93.51 |
| Amount spent during the year on: | | |
| i. Construction/ acquisition of an asset | - | - |
| ii. On purpose other than (i) above* | 124.42 | 93.51 |
| Total | 124.42 | 93.51 |

* includes contribution to Ganesh Memorial Trust (related party) of ₹ 93.65 Lakh.

33.0 Segment information

33.1 Primary segment (by business segment):

Ind AS 108 establishes standards for the way that the Company report information about operating segments and related disclosures about products and services, geographic areas and major customers. The Company's operations comprises of only one segment i.e. sale of polyester staple fibre and polyester yarn which are mainly having similar risks and returns. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment (synthetic textile). In view of the same, separate primary segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments".

33.2 Secondary segment (by geographical demarcation):

Considering the nature of the business in which the Company operates, the Company deals with various customers in multiple geographies. The details of segment revenue based on geographical demarcation is as under:

| Particulars | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Revenue from sale of products | | |
| - India | 82,440.12 | 94,484.90 |
| - Outside India | 5,895.95 | 7,117.16 |
| Total | 88,336.07 | 1,01,602.06 |

Notes to the standalone financial statements

for the year ended March 31, 2020

34.0 Related party disclosures

Name of related parties and nature of relationship:

34.1 Subsidiary

| | |
|--------------------------------|---|
| Ganesha Ecopet Private Limited | Wholly owned subsidiary, incorporated in India (w.e.f. November 19, 2019) |
|--------------------------------|---|

34.2 A. Key management personnel

| | |
|-----------------------------|---|
| Shri Shyam Sunder Sharmma | Non-Executive Chairman |
| Shri Vishnu Dutt Khandelwal | Executive Vice Chairman |
| Shri Sharad Sharma | Managing Director |
| Shri Rajesh Sharma | Joint Managing Director (till July 31, 2019, working as 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 (till September 5, 2019) |
| Smt. Seema Sharma | Non-Executive Director |
| Smt. Shobha Chaturvedi | Independent Director (Additional) (w.e.f.. September 5, 2019) |
| Shri Gopal Agarwal | Chief Financial Officer |
| Shri Bharat Kumar Sajnani | Company Secretary & Compliance Officer |

B. Relatives of key management personnel

| | |
|----------------------------|---|
| Smt. Vimal Sharma | Wife of Shri Shyam Sunder Sharmma |
| Smt. Nirmal Khandelwal | Wife of Shri Vishnu Dutt Khandelwal |
| Smt. Ratna Sharma | Wife of Shri Rajesh Sharma |
| Shri Sandeep Khandelwal | Son of Shri Vishnu Dutt Khandelwal |
| Smt. Charu Khandelwal | Son's Wife of Shri Vishnu Dutt Khandelwal |
| Shri Yash Sharma | Son of Shri Sharad Sharma |
| Shri Ashwani Sharma | Son of Shri Rajesh Sharma |
| Shyam Sunder Sharmma HUF | Shri Shyam Sunder Sharmma is Karta |
| Vishnu Dutt Khandelwal HUF | Shri Vishnu Dutt Khandelwal is Karta |
| Sharad Sharma HUF | Shri Sharad Sharma is Karta |
| Rajesh Sharma HUF | Shri Rajesh Sharma is Karta |

C. Entities controlled by key management personnel or their relatives

| | |
|-------------------------------|--|
| Sandeep Yarns Private Limited | |
| GPL Finance Limited | |

D. Entities over which key management personnel are able to exercise significant influence

| | |
|-----------------------|--|
| Ganesh Memorial Trust | |
|-----------------------|--|

Notes to the standalone financial statements

for the year ended March 31, 2020

| 34.3 Summary of transactions during the year | | | | | | (₹ in lakh) |
|---|----------------|------------|--------------------------|---------------------------------------|--|---|
| Particulars | Year ended | Subsidiary | Key management personnel | Relatives of key management personnel | Entities controlled by key management personnel or their relatives | Entities over which key management personnel are able to exercise significant influence |
| Investment in share capital | March 31, 2020 | 1,000.00 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Unsecured loan given | March 31, 2020 | 990.00 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Interest income | March 31, 2020 | 9.49 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Expenses incurred on reimbursable basis | March 31, 2020 | 210.53 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Managerial remuneration | March 31, 2020 | - | 855.89 | - | - | - |
| | March 31, 2019 | - | 362.21 | - | - | - |
| Commission and sitting fee | March 31, 2020 | - | 46.69 | - | - | - |
| | March 31, 2019 | - | 38.52 | - | - | - |
| Salary and allowances | March 31, 2020 | - | - | 28.42 | - | - |
| | March 31, 2019 | - | - | 27.53 | - | - |
| Interest paid | March 31, 2020 | - | 46.54 | 11.65 | 13.48 | - |
| | March 31, 2019 | - | 37.00 | 17.40 | 10.86 | - |
| Unsecured loan accepted | March 31, 2020 | - | 151.00 | - | 165.00 | - |
| | March 31, 2019 | - | 180.00 | - | 35.00 | - |
| Unsecured loan repaid | March 31, 2020 | - | - | 15.00 | 218.00 | - |
| | March 31, 2019 | - | 408.00 | 499.75 | 132.00 | - |
| Contribution to trust for CSR expenditure | March 31, 2020 | - | - | - | - | 93.65 |
| | March 31, 2019 | - | - | - | - | 81.35 |
| Amount outstanding at balance sheet date | | | | | | |
| Unsecured loan payable | March 31, 2020 | - | 598.00 | 116.50 | 30.00 | - |
| | March 31, 2019 | - | 447.00 | 131.50 | 83.00 | - |
| Unsecured loan receivable | March 31, 2020 | 990.00 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |
| Amounts payable | March 31, 2020 | - | 793.63 | 2.58 | 0.73 | - |
| | March 31, 2019 | - | 132.61 | 2.37 | 1.66 | - |
| Amounts receivable | March 31, 2020 | 8.57 | - | - | - | - |
| | March 31, 2019 | - | - | - | - | - |

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

34.5 No amount has been written off or written back during the year in respect of debts due from or to related parties.

Notes to the standalone financial statements

for the year ended March 31, 2020

35.0 Financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values

- A. The fair values of derivatives such as forward/ derivative contracts are on mark to market basis as per bank.
- B. The Company has adopted effective interest rate for calculating interest expense. Processing fees and transaction costs relating to each loan has been considered for calculating effective interest rate. The fair values of non-current borrowings are classified as level 3 in the fair value hierarchy due to the use of unobservable inputs including own credit risk.
- C. Loans, investments and other non-current financial assets are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for expected losses of these receivables. The fair value of loans, investments and other non-current financial assets has been considered as equal to their carrying amount. These fair values are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
- D. Fair values of cash and cash equivalents, trade receivables, bank balances, current investments, current loans, other current financial assets, trade payables, current borrowings and other financial liabilities are considered to be the same as their carrying amount due to short-term maturities of these instruments.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

| Financial assets | | | (₹ in lakh) | | | |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
| Particulars | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
| | | | Carrying amount | Fair value | Carrying amount | Fair value |
| 1. Financial assets designated at fair value through profit and loss (FVTPL) | | | | | | |
| Current investments | D | Level 2 | 8,322.48 | 8,322.48 | 2,802.96 | 2,802.96 |
| 2. Financial assets designated at fair value through other comprehensive income (FVTOCI) | | | - | - | - | - |
| 3. Financial assets designated at amortized cost | | | | | | |
| a) Trade receivables | D | Level 3 | 9,736.70 | 9,736.70 | 8,844.90 | 8,844.90 |
| b) Cash and cash equivalents | D | Level 3 | 110.25 | 110.25 | 1,613.72 | 1,613.72 |
| c) Other bank balances | D | Level 3 | 359.26 | 359.26 | 725.00 | 725.00 |
| d) Loans | C, D | Level 3 | 993.62 | 993.62 | 5.59 | 5.59 |
| e) Investment in subsidiary | C | Level 3 | 1,000.00 | 1,000.00 | - | - |
| f) Other financial assets | C, D | Level 3 | 191.24 | 191.24 | 686.08 | 686.08 |
| Total | | | 20,713.55 | 20,713.55 | 14,678.25 | 14,678.25 |

Notes to the standalone financial statements

for the year ended March 31, 2020

| Financial liabilities | | | (₹ in lakh) | | | |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
| Particulars | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2020 | | As at March 31, 2019 | |
| | | | Carrying amount | Fair value | Carrying amount | Fair value |
| 1. Financial liabilities designated at fair value through profit and loss | | | | | | |
| Mark to market of derivative financial instruments | A | Level 2 | 125.88 | 125.88 | 6.13 | 6.13 |
| 2. Financial liabilities designated at fair value through other comprehensive income | | | - | - | - | - |
| 3. Financial liabilities designated at amortized cost | | | | | | |
| a) Borrowings | B, D | Level 3 | 8,351.33 | 8,351.33 | 9,575.66 | 9,575.66 |
| b) Trade payables | D | Level 3 | 3,412.26 | 3,412.26 | 2,759.26 | 2,759.26 |
| c) Other financial liabilities | D | Level 3 | 3,562.74 | 3,562.74 | 3,194.09 | 3,194.09 |
| Total | | | 15,452.21 | 15,452.21 | 15,535.14 | 15,535.14 |

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

36.0 Financial risk management

The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's senior management oversees the management of these risks.

The Company has exposure to the following risks (arising from financial instruments):

- Credit risk
- Liquidity risk
- Market risk

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk mainly from trade receivables, loans given and other financial assets.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition.

Trade receivables are typically unsecured and derived from revenue earned from customers located in India and abroad. Credit risk is managed by the Company through customer assessment, credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company measures the expected credit loss of trade receivables based on historical trend, industry practice and the business environment in which the entity operates. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, loans given and other financial assets.

Notes to the standalone financial statements

for the year ended March 31, 2020

The allowance for lifetime expected credit loss on trade receivables is as under: (₹ in lakh)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|-------------------------|-------------------------|
| Allowance for expected credit loss | | |
| Opening balance | 310.29 | 142.48 |
| Impairment loss recognized (net of reversals) | (124.80) | 167.81 |
| Closing balance | 185.49 | 310.29 |

Loans given and other financial assets are considered to be of good quality and there is no significant credit risk.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

a) Financing arrangements

The Company believes that it has sufficient working capital to meet its current requirements. Accordingly, no liquidity risk is perceived. Further, the Company is having cash credit facilities from banks of ₹ 6,200.00 Lakh (March 31, 2019: ₹ 12,500.00 Lakh), repayable on demand which carry floating rate of interest.

b) Contractual maturities of financial liabilities

| As at March 31, 2020 | 0-1 years | 1-2 years | 2-5 years | More than 5 years | Total |
|--|------------------|-----------------|-----------------|----------------------|------------------|
| Non-current borrowings (including current maturities) | 824.19 | 1,080.69 | 2,947.22 | 1,184.73 | 6,036.83 |
| Current borrowings | 3,138.69 | - | - | - | 3,138.69 |
| Trade payables | 3,412.26 | - | - | - | 3,412.26 |
| Other financial liabilities | 2,864.43 | - | - | - | 2,864.43 |
| Total | 10,239.57 | 1,080.69 | 2,947.22 | 1,184.73 | 15,452.21 |

| As at March 31, 2019 | 0-1 years | 1-2 years | 2-5 years | More than 5 years | Total |
|--|-----------------|-----------------|-----------------|----------------------|------------------|
| Non-current borrowings (including current maturities) | 823.19 | 1,072.90 | 3,001.56 | 1,914.85 | 6,812.50 |
| Current borrowings | 3,586.35 | - | - | - | 3,586.35 |
| Trade payables | 2,759.26 | - | - | - | 2,759.26 |
| Other financial liabilities | 2,377.03 | - | - | - | 2,377.03 |
| Total | 9,545.83 | 1,072.90 | 3,001.56 | 1,914.85 | 15,535.14 |

C. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e., currency rate, interest rate and other price related risks. Financial instruments affected by market risk include borrowings, loans given, deposits, foreign currency receivables and payables and derivative financial instruments such as forward contracts. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

Notes to the standalone financial statements

for the year ended March 31, 2020

i) Foreign currency risk

The Company is exposed to foreign currency risk through operating and financing activities in foreign currency. The Company uses derivative financial instruments, such as foreign currency sale and purchase forward contracts and currency and interest rate swap contracts, to reduce foreign currency risk exposure and follows its risk management policies.

| Derivative financial instruments outstanding as at the reporting date | | (₹ in lakh) | |
|---|-------------------------|-------------------------|--|
| Particulars | As at March 31, 2020 | As at March 31, 2019 | |
| a) Nominal value of forward contracts | | | |
| Forward contracts to sell USD | 437.43 | 144.18 | |
| Forward contracts to sell EURO | 253.19 | - | |
| Forward contracts to buy EURO | 249.36 | - | |
| b) Currency cum interest rate swap (INR/ EURO) | 1903.83 | - | |
| | 2,843.81 | 144.18 | |

Foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

The currency profile of financial assets and financial liabilities (unhedged foreign currency exposure) as at the balance sheet date is as under:

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|----------------------------------|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|
| | USD | EURO | Total | USD | EURO | Total |
| Financial assets | | | | | | |
| Trade receivables | 173.71 | 27.96 | 201.67 | 716.66 | 345.28 | 1,061.94 |
| Financial liabilities | | | | | | |
| Trade and other payables | (80.83) | (12.06) | (92.89) | (164.26) | (10.12) | (174.38) |
| Borrowings | - | (1,655.19) | (1,655.19) | - | (1,969.38) | (1,969.38) |
| Interest accrued but not due | - | - | - | - | (4.99) | (4.99) |
| Net assets/ (liabilities) | 92.88 | (1,639.29) | (1,546.41) | 552.40 | (1,639.21) | (1,086.81) |

Foreign currency risk sensitivity

1% increase and decrease in foreign exchanges rate will have the following impact on profit before tax: (₹ in lakh)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|----------------------|--------------|----------------------|--------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | 0.93 | (0.93) | 5.52 | (5.52) |
| EURO | (16.39) | 16.39 | (16.39) | 16.39 |
| Increase / (decrease) in profit before tax | (15.46) | 15.46 | (10.87) | 10.87 |

ii) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates.

Exposure to interest rate risk: (₹ in lakh)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|--------------------------|----------------------|----------------|----------------------|----------------|
| | (₹ in Lakh) | % of total | (₹ in Lakh) | % of total |
| Fixed rate borrowings | 894.83 | 9.75% | 2,767.92 | 26.62% |
| Variable rate borrowings | 8,280.69 | 90.25% | 7,630.93 | 73.38% |
| Total | 9,175.52 | 100.00% | 10,398.85 | 100.00% |

Note: The above amounts include current maturities of non-current borrowings

Notes to the standalone financial statements

for the year ended March 31, 2020

Interest rate sensitivity on variable rate borrowings

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for whole of the year.

| Particulars | (₹ in lakh) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| 50 basis points increase would decrease the profit before tax by | (41.40) | (38.15) |
| 50 basis points decrease would Increase the profit before tax by | 41.40 | 38.15 |

37.0 Capital risk management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor's, creditor's and market's confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure in consonance with its long term strategic plans.

The gearing ratio at the end of the reporting period is as under:

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Current and non-current borrowings (including current maturities) | 9,175.52 | 10,398.85 |
| Debt (A) | 9,175.52 | 10,398.85 |
| Total equity (B) | 47,768.55 | 41,894.91 |
| Equity and debt (C =A+B) | 56,944.07 | 52,293.76 |
| Gearing ratio (A/C) | 16.11% | 19.89% |

38.0 COVID 19 assessment

The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the Company were impacted due to shutdown of factory plants and offices following lockdown as per the directives from different State Governments and Central Government of India. The Company has resumed operations in a phased manner as per the directives issued by Governments from time to time. The Company has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material changes to future economic conditions.

39.0 MAT credit reversed

Pursuant to enactment of Section 115BAA in the Income-tax Act, 1961, the tax rates were reduced effective from April 1, 2019 with certain conditions. The Company has exercised the option for revised rates and for complying with the conditions of Section 115JB, MAT credit entitlement has been reversed and charged to the statement of profit and loss.

40.0 Disclosures as per Section 186(4) of the Companies Act, 2013

Details of investments made and loans given have been provided under respective heads (refer notes 5.2 and 5.1). There are no guarantees given and securities provided by the Company.

Notes to the standalone financial statements

for the year ended March 31, 2020

41.0 Events occurring after the balance sheet date

The Board of Directors of the Company have recommended dividend of ₹ 2/- per fully paid up equity share of ₹ 10/- each, aggregating to ₹ 436.59 Lakh for the financial year 2019-20 (March 31, 2019: ₹ 2.00/- per fully paid up equity share of ₹ 10/- each, aggregating ₹ 526.33 Lakh including dividend distribution tax of ₹ 89.74 Lakh). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and the actual dividend amount will be dependent on the share capital outstanding as on the relevant record date/ book closure.

42.0 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajnani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharmma
Chairman

Gopal Agarwal
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditor's Report

TO,
THE MEMBERS OF
GANESHA ECOSPHERE LIMITED

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ganesha Ecosphere Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on separate audited financial statements of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at March 31, 2020, their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Key audit matter

1) Evaluation of pending litigations (as described in note 30.2 of the consolidated financial statements)

The Group has pending litigations for demand in dispute under various tax statutes which involves significant judgment to determine the possible outcome of these disputes.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their report referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

How our audit addressed the key audit matter

We have obtained the details of litigations under various tax statutes for the year ended March 31, 2020 from the management.

We have reviewed the management's underlying assumptions in estimating the provisions in respect to the disputed matters and the possible outcome of the disputes. We have also reviewed the legal precedence, where available, and other documents provided for review by the management in evaluating its position in these matters.

We have also reviewed the assumptions made by the management as at March 31, 2019 and evaluated whether any change was required on account of information and updates made available during the year.

We have also covered these matters in the representation letter obtained from the management.

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>II) Adoption of Ind AS 116 on Leases (as described in note 31 of the consolidated financial statements)</p> <p>Effective April 1, 2019, Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognise, measure, present and disclose leases.</p> <p>The standard provides a single lease accounting model, requiring lessees to recognise a right of use asset ('ROU asset') and a corresponding liability on the lease commencement date. It provides exemption for leases with lease term of 12 months or less or if the underlying asset has a low value.</p> <p>The Group has applied Ind AS 116. We considered the first time application of the standard as a key audit matter due to judgements needed in establishing the underlying key assumptions.</p> | <p>We assessed the accounting regarding leases with reference to consistency with the definitions given in Ind AS 116. This includes factors such as lease term, discount rate and measurement principles.</p> <p>We tested the completeness of lease data as at April 1, 2019 by reconciling the Group's operating lease commitments to the underlying data used for implementation of Ind AS 116.</p> <p>We assessed the transition to Ind AS 116 by verifying consistency with the definitions and practical expedients of Ind AS 116.</p> <p>We examined the Group's judgment in establishing the underlying assumptions.</p> <p>We assessed the relevant disclosures made within the consolidated financial statements.</p> |

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with

respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in

the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness

of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Holding Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance of the Holding Company, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements and other financial information of a subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 1,989.84 Lakh as at March 31, 2020, total revenue of ₹ Nil, total net loss after tax of ₹ 10.75 Lakh and total comprehensive loss of ₹ 10.75 Lakh for the year ended March 31, 2020 respectively, and net cash inflows of ₹ 17.42 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other information of the subsidiary have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of Section 143(3)(i) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

Attention is drawn to the fact that this is the first year of

preparation of consolidated financial statements of the Group (since there were no subsidiary, associate or joint venture in previous year) and accordingly, there are no consolidated figures for the previous year.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary, as noted in the 'Other Matters' paragraph, we report to the extent applicable, that:

- (a) We/ the other auditors whose report we have relied upon, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditors.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the other auditors, who is appointed under Section 139 of the Act, of its subsidiary incorporated in India, none of the directors of the Holding Company and its subsidiary incorporated in India is disqualified as on

Annexure A to the Independent Auditor's Report

March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary incorporated in India, refer to our separate report in "Annexure A" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in auditor's report in accordance with the requirements of Section 197(16) of the Act :

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid/ provided by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. Further, as per the report of the other auditors of the subsidiary incorporated in India, no managerial remuneration has been paid by the subsidiary during the year ended March 31, 2020.

- (h) 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 the explanations given to us and

based on the consideration of the report of the other auditors on separate financial statements of the subsidiary as noted in the "Other Matters" paragraph:

- i. the Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - refer note 30.2;
- ii. the Group has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note 15.2;
- iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020. Further, as per the audit report of the auditors of subsidiary incorporated in India, the subsidiary does not have any amounts to be transferred to the Investor Education and Protection Fund during the year ended March 31, 2020.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg No. 009781N

Narendra Singhania
Partner

Place: New Delhi
Date: June 22, 2020

Membership No.: 087931
UDIN - 20087931AAAAEC5192

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesh Ecosphere Limited on the consolidated financial statements as of and for the year ended March 31, 2020)

Report on the Internal Financial Controls Over Financial Reporting 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 Ganesh Ecosphere Limited ("the Holding Company") and its subsidiary incorporated in India (the Holding Company and its subsidiary together referred to as "the Group") as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors or management of the companies included in the Group, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India.

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 authorizations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 and to the best of our information, and according to the explanations given to us, and based on the consideration of the report of other auditors of subsidiary incorporated in India, the Holding Company and its subsidiary incorporated in India have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective 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.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates a subsidiary incorporated in India, is based on the corresponding report of the auditors of such subsidiary incorporated in India, whose report has been furnished to us by the management.

Our opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting, of the Holding Company and its subsidiary incorporated in India, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg No. 009781N

Narendra Singhania
Partner

Place: New Delhi
Date: June 22, 2020

Membership No.: 087931
UDIN - 20087931AAAAEC5192

Consolidated balance sheet

as at March 31, 2020

| Particulars | Note No. | (₹ in lakh) |
|--|----------|----------------------|
| | | As at March 31, 2020 |
| ASSETS | | |
| (1) Non-current assets | | |
| (a) Property, plant and equipment | 3.1 | 30,031.40 |
| (b) Capital work-in-progress | 3.2 | 214.27 |
| (c) Right of use assets (ROU) | 3.3 | 124.97 |
| (d) Intangible assets | 4.0 | 185.65 |
| (e) Financial assets: | | |
| (i) Loans | 5.1 | 2.21 |
| (ii) Others | 5.2 | 72.59 |
| (f) Other non-current assets | 6.0 | 1,321.03 |
| Sub-total | | 31,952.12 |
| (2) Current assets | | |
| (a) Inventories | 7.0 | 14,480.94 |
| (b) Financial assets: | | |
| (i) Investment | 8.1 | 8,322.48 |
| (ii) Trade receivables | 8.2 | 9,736.70 |
| (iii) Cash and cash equivalents | 8.3 | 127.67 |
| (iv) Bank balances other than (iii) above | 8.4 | 359.26 |
| (v) Loans | 8.5 | 1.41 |
| (vi) Others | 8.6 | 110.11 |
| (c) Current tax assets (net) | 10.0 | 414.34 |
| (d) Other current assets | 9.0 | 1,018.60 |
| (3) Assets held for sale/ disposal | 11.0 | 35.57 |
| Sub-total | | 34,607.08 |
| TOTAL ASSETS | | 66,559.20 |
| EQUITY AND LIABILITIES | | |
| (1) Equity | | |
| (a) Equity share capital | 12.1 | 2,182.94 |
| (b) Other equity | 12.2 | 45,565.37 |
| Sub-total | | 47,748.31 |
| (2) Liabilities | | |
| (2A) Non-current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 13.0 | 5,212.64 |
| (b) Deferred tax liabilities (net) | 18.1 | 1,712.51 |
| (c) Government grants | 14.2 | 439.60 |
| (d) Provisions | 17.1 | 719.29 |
| Sub-total | | 8,084.04 |
| (2B) Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 13.0 | 3,138.69 |
| (ii) Trade payables: | | |
| Total outstanding dues of micro enterprises and small enterprises | 15.1 | 43.52 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15.1 | 3,368.74 |
| (iii) Other financial liabilities | 15.2 | 3,689.48 |
| (b) Government grants | 14.1 | 44.27 |
| (c) Other current liabilities | 16.0 | 298.69 |
| (d) Provisions | 17.2 | 143.46 |
| Sub-Total | | 10,726.85 |
| TOTAL EQUITY AND LIABILITIES | | 66,559.20 |
| Significant accounting policies | 2.0 | |

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Sharad Sharma
Managing Director

Shyam Sunder Sharma
Chairman

Narendra Singhania
Partner
Membership No.: 087931

Bharat Kumar Sajjani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Place: New Delhi
Date: June 22, 2020

Place: Kanpur
Date: June 22, 2020

Consolidated statement of profit and loss

for the year ended March 31, 2020

| Particulars | Note No. | (₹ in lakh) |
|---|----------|--------------------------------------|
| | | For the year ended March 31, 2020 |
| I INCOME | | |
| Revenue from operations | 19 | 88,883.39 |
| Other income | 20 | 740.12 |
| Total income | | 89,623.51 |
| II EXPENSES | | |
| Cost of materials consumed | | 55,700.26 |
| Purchases of stock-in-trade | | 1,425.72 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 21 | (2,575.27) |
| Employee benefits expenses | 22 | 6,001.80 |
| Finance costs | 25 | 777.36 |
| Depreciation and amortization expense | 24 | 2,805.36 |
| Other expenses | 23 | 17,161.08 |
| Total expenses | | 81,296.31 |
| III Profit before tax (I-II) | | 8,327.20 |
| IV Tax expense | 26 | |
| Current tax | | 1,957.14 |
| Deferred tax charge/ (credit) | | (414.46) |
| MAT credit reversed | | 416.59 |
| Total tax expense | | 1,959.27 |
| V Profit for the year (III-IV) | | 6,367.93 |
| VI Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Re-measurement gain/ (loss) on defined benefit obligation | | 15.77 |
| Less: Income-tax relating to above item | 26 | 3.97 |
| | | 11.80 |
| VII Total comprehensive income for the year (V+VI) | | 6,379.73 |
| VIII Earnings per share | | |
| Basic (face value of ₹ 10/- per equity share) | 28 | 29.17 |
| Diluted (face value of ₹ 10/- per equity share) | | 29.17 |
| Significant accounting policies | 2 | |
| The accompanying notes are an integral part of these financial statements. | | |

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajnani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharmma
Chairman

Gopal Agarwal
Chief Financial Officer

Consolidated cash flow statement

for the year ended March 31, 2020

| Particulars | Note No. | (₹ in lakh) |
|---|----------|------------------------------|
| | | Year ended March 31, 2020 |
| A. Cash flow from operating activities: | | |
| Profit before tax as per statement of profit and loss | | 8,327.20 |
| Adjustments for: | | |
| Depreciation and amortization expense | | 2,805.36 |
| Loss on sale/ discard of property, plant and equipment (net) | | 53.02 |
| Allowance for doubtful trade receivables and advances | | (110.37) |
| Bad debts/ advances written off | | 66.71 |
| Liabilities no longer required written back | | (1.11) |
| Loss/(gain) on foreign currency fluctuations and translations (net) | | 100.96 |
| Interest expense | | 628.06 |
| Interest income | | (384.64) |
| Profit on sale of investments | | (208.51) |
| Fair value gain on financial assets | | (48.13) |
| Government grants against interest expense | | (50.00) |
| Amortization of Government grants | | (42.99) |
| Operating profit before working capital changes | | 11,135.56 |
| Movements in working capital: | | |
| (Increase) in trade receivables | | (804.55) |
| Decrease/ (increase) in other receivables and prepayments | | 723.10 |
| (Increase)/ decrease in inventories | | (1,507.38) |
| Increase/ (decrease) in trade payables | | 653.00 |
| Increase in other payables | | 79.31 |
| Increase in provisions | | 172.21 |
| Cash generated from operations | | 10,451.25 |
| Direct taxes paid (net of refunds) | | (2,452.55) |
| Net cash flow generated from operating activities (A) | | 7,998.70 |
| B. Cash flow from investing activities | | |
| Purchase of property, plant and equipment | | (3,139.14) |
| Purchase of intangible assets | | (30.00) |
| Proceeds from sale of property, plant and equipment | | 17.72 |
| Fixed deposits made | | (3,295.35) |
| Fixed deposits matured | | 2,725.05 |
| Interest received | | 333.92 |
| Purchase of investments | | (13,694.88) |
| Proceeds from sale of investments | | 9,932.00 |
| Net cash flow used in investing activities (B) | | (7,150.68) |

Consolidated cash flow statement

for the year ended March 31, 2020 (cond.)

| Particulars | Note No. | (₹ in lakh) |
|--|----------|------------------------------|
| | | Year ended March 31, 2020 |
| C. Cash flow from financing activities | | |
| Proceeds from non-current borrowings (other than related parties) | | 3,240.39 |
| Repayment of non-current borrowings | | (4,034.01) |
| Repayment of current borrowings (net) | | (545.66) |
| Proceeds from related parties as borrowings (net) | | 83.00 |
| Dividend paid to equity shareholders | | (436.59) |
| Dividend distribution tax paid | | (89.74) |
| Government grants against interest expense | | 50.00 |
| Interest paid | | (601.46) |
| Net cash flow used in financing activities (C) | | (2,334.07) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | | (1,486.05) |
| Cash and cash equivalents at the beginning of the year | | 1,613.72 |
| Cash and cash equivalents at the end of the year | 8.3 | 127.67 |
| Notes: | | |
| The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7, 'Statement of Cash Flows'. | | |
| Significant accounting policies | 2.0 | |
| The accompanying notes are an integral part of these financial statements. | | |

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931
Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajnani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharmma
Chairman

Gopal Agarwal
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended March 31, 2020

| A. Equity share capital | | (₹ in lakh) |
|---|--|-------------|
| As at April 1, 2019 | | 2,182.94 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2020 | | 2,182.94 |

| B. Other equity | | Reserves and surplus | | | | | (₹ in lakh) |
|---|----------------------------|----------------------|--------------------|-----------------|-------------------|-----------|-----------------------------|
| Particulars | Capital redemption reserve | Capital reserve | Securities premium | General reserve | Retained earnings | Total | |
| | | | | | | | Balance as at April 1, 2019 |
| Profit for the year | - | - | - | - | 6,367.93 | 6,367.93 | |
| Other comprehensive income for the year | - | - | - | - | 11.80 | 11.80 | |
| Total comprehensive income for the year | - | - | - | - | 6,379.73 | 6,379.73 | |
| Dividend paid | - | - | - | - | (436.59) | (436.59) | |
| Dividend distribution tax | - | - | - | - | (89.74) | (89.74) | |
| Balance as at March 31, 2020 | 450.00 | 225.28 | 13,952.72 | 264.13 | 30,673.24 | 45,565.37 | |

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931
Place: New Delhi
Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Bharat Kumar Sajnani
Company Secretary

Place: Kanpur
Date: June 22, 2020

Shyam Sunder Sharmma
Chairman

Gopal Agarwal
Chief Financial Officer

Notes to the consolidated financial statements

for the year ended March 31, 2020

1.0 Corporate information

Ganesh Ecosphere Limited ("the holding company") is a public limited company, incorporated and domiciled in India, listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The address of the registered office of holding company is Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.). The holding company is a leading PET Waste Recycling Group in India and is engaged in the manufacturing of Recycled Polyester Staple Fibre (RPSF), Spun Yarn and Dyed Texturised Yarn. Subsidiary company is yet to start the operations.

The consolidated financial statements as at March 31, 2020 relate to Ganesh Ecosphere Limited (the holding company) and its subsidiary, Ganesh Ecosphere Private Limited (collectively referred to as 'the Group'). Ganesh Ecosphere Private Limited was incorporated on November 19, 2019 and the holding company holds 100% shareholding of it.

2.0 Significant Accounting Policies

a) Basis of preparation

(i) Compliance with Indian Accounting Standards

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('IND AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The accounting policies have been applied consistently to all the periods presented in the consolidated financial statements.

(ii) Historical cost convention

The consolidated financial statements have been prepared on an accrual basis under historical cost convention, except certain financial assets and liabilities (including derivative financial instruments, investment in mutual funds and assets held for sale) that are measured at fair values at the end of each reporting period.

(iii) Current versus non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group'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 Group has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

(iv) Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Lakh as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

b) Principles of consolidation

(i) Subsidiary is entity over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its power and involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) The financial statement of the subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the holding company.

(iii) The financial statements of the holding company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

(iv) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Notes to the consolidated financial statements

for the year ended March 31, 2020

- (v) The carrying amount of the parent's investment in subsidiary is offset (eliminated against the parent's portion of equity in subsidiary).

c) Use of estimates

The preparation of consolidated 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 reported period. Actual results may differ from those estimates. Any difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

d) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Indian rupee ('₹'), which is Group's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realised gains and losses on settlement of foreign currency transactions are recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the statement of profit and loss. Exchange differences, in respect of foreign currency borrowings taken for acquiring qualifying assets included in property, plant and equipment, to the extent it is an adjustment to interest cost, has been capitalized. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2017 which are related to the acquisition of qualifying assets are adjusted in the carrying cost of such assets.

e) Revenue recognition

The Group derives revenues primarily from sale of manufactured goods, traded goods and related services.

The specific criterion for each of the Group's activities has been stated below:

(i) Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers (i.e. when performance obligation is satisfied) for an amount that reflects the consideration which the Group expects to receive in exchange for those products. The Group does not expect to have any contracts where the period between the transfer of promised goods to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the value of money.

Revenue is measured based on transaction price, which is the consideration, adjusted for trade discounts such as cash discounts, volume discounts or any other price concession as may be agreed with the customers. Revenues also excludes Goods and Service Tax (GST) collected from customers.

(ii) Job work receipts

Revenue from job work is recognized at the time of dispatch of material.

(iii) Export incentives

Export incentives under various schemes are accounted in the year of export.

(iv) Recycling certification income

Income is recognized in the year in which the certificate is issued.

Notes to the consolidated financial statements

for the year ended March 31, 2020

(v) Interest income

Interest income is recognized on time proportion accrual basis using the applicable/ effective interest rate.

(vi) Insurance claims

Insurance claims are accounted only when there is reasonable certainty of its ultimate collection. Insurance claim receivable is recognised as a separate asset, but only when the claim receivable is virtually certain.

f) Government grants

Grants from the Government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight line basis over the expected lives of related assets and are presented within other income. Government grants relating to an expense item is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed and are netted off from the related expense. However, where the grant pertains to expenses already incurred in earlier years, it is disclosed in other income.

Export Promotion Capital Goods ('EPCG') Scheme allows import of certain capital goods at zero/ concessional duty subject to an export obligation for the duty saved. The duty saved on capital goods under EPCG scheme is treated as a Government grant and is recognised as income spread equally over the expected useful life of the related asset.

In case of interest free/ concessional loan provided by Government, the loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial fair value of the loan and the proceeds received. The loan or assistance is subsequently measured as per the accounting policy applicable to financial liabilities.

g) Taxes

(i) Current income-tax

Current income-tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

(ii) Deferred income-tax

Deferred income-tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred income-tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income-tax assets are realised or the deferred income-tax liabilities are settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are off set where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is

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no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

h) Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered as highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Asset classified as held for sale are presented separately in the Balance Sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Cost includes all expenditure necessary to bring the asset to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Property, plant and 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 and 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 and equipment on commencement of commercial production. Capital work-in-progress is stated at the amount expended up to the date of the balance sheet.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on Written Down Value Method ('WDV') except in respect of buildings and plant & equipment (excluding Rooftop Solar Panels, which is depreciated on WDV) of Kanpur Unit and Temra Unit (located at Bilaspur) where depreciation is provided on Straight Line Method ('SLM').

The Group depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and Group believes that the useful life of assets are same as those prescribed in Schedule II to the Act, except for certain plant & equipment, wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II to the Act.

Useful life considered for calculation of depreciation for various assets class are as follows:

| Assets | Useful life |
|---|---------------|
| Buildings | 30 – 60 years |
| Roads (capitalised under buildings) | 10 years |
| Continuous process plant (plant & equipment) | 18 years |
| Rooftop solar panels (part of plant & equipment) | 10 years |
| Other plant & equipment | 5-15 years |
| Furniture and fixtures | 5-10 years |
| Office equipment (including computers, computers equipment and servers) | 3-10 years |
| Vehicles | 8-10 years |

Residual value of tangible assets is considered to be not more than 5% of the cost of the asset.

Notes to the consolidated financial statements

for the year ended March 31, 2020

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairments, if any. 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 the balance sheet.

The Group amortizes computer software and technical know-how using the straight line method over the period of 5 years.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Borrowings

Borrowings are initially recognised at net of transaction costs incurred and measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

l) Borrowing costs

Interest and other borrowing costs attributable to qualifying assets, which takes substantial period of time to get ready for its intended use, are capitalized. All other interest and borrowing costs are charged to the statement of profit and loss. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m) Lease

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (that do not contain purchase option) and leases of low value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets (ROU Assets)

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation/amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated/amortized on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets, as estimated by the management. Leasehold land has been amortized over the lease term of 90 years.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of

Notes to the consolidated financial statements

for the year ended March 31, 2020

lease payments to be made over the lease term. The lease payments include fixed payment less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate is implicit in the lease not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Lease payments on short-term leases and lease of low-value assets are recognized as expense on a straight-line basis over the lease term.

n) Inventories

(i) Measurement of Inventory

Inventories of raw material, stores & spares, work-in-progress, finished goods and stock-in-trade (including goods-in-transit) are stated at cost or net realizable value, whichever is lower. Waste & scrap is valued at net realizable value.

(ii) Cost of Inventories

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase of inventories comprise the purchase price, import duties and other non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of inventory items. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting material into finished goods.

Cost of inventories is ascertained on the 'weighted average' basis except stock-in-trade, where cost is ascertained on first-in-first-out (FIFO) basis.

(iii) Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is ascertained for each item of inventories with reference to the selling prices of related finished products. Estimates of net realizable value of finished goods and stock-in-trade are based on the most reliable evidence, available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of the inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Amount of write down of the inventories below cost is recognized as an expense as and when the event occurs.

o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher

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of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, if any, are recognized in the statement of profit and loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

p) Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the probability of outflow of resource is remote.

Provisions and contingent liabilities are reviewed at each balance sheet date.

q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit

The liabilities for earned leave, that are not expected to be settled wholly within 12 months, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the consolidated statement of profit and loss.

(iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, family pension fund and employee's state insurance

(a) Gratuity obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

Notes to the consolidated financial statements

for the year ended March 31, 2020

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expenses in the consolidated statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated balance sheet.

(b) Defined contribution plans

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 Government of India, and are recognized as an expense when employees have rendered service entitling them to the contributions.

r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand, bank overdrafts and short-term deposits with an original maturities of three months or less, which are subject to an insignificant risk of changes in value.

s) Financial instruments

a) Financial assets

i. Initial recognition and measurement

The financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not measured at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are accounted for using the trade date accounting.

ii. Classification and subsequent measurement

a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss.

iii. Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Notes to the consolidated financial statements

for the year ended March 31, 2020

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

iv. Impairment of financial assets

The Group measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

b) Financial liabilities

i. Initial recognition and measurement

All financial liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in the statement of profit and loss as finance cost.

ii. Classification and subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition

A financial liability (or part of a financial liability) is derecognized from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

c) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps, currency swaps and forward and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss in the period when they arise.

d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

t) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

u) Standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2020.

Notes to the consolidated financial statements

for the year ended March 31, 2020

3.1 Property, plant and equipment

| Particulars | | | | | | | (₹ in lakh) |
|---------------------------------|---------------|-----------|-------------------|----------------------|------------------|----------|-------------|
| | Freehold land | Buildings | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles | Total |
| Gross block | | | | | | | |
| As at April 1, 2019 | 1,237.19 | 8,722.71 | 35,031.52 | 164.67 | 336.46 | 302.27 | 45,794.82 |
| Additions | 1,265.13 | - | 485.62 | 0.82 | 17.46 | 40.30 | 1,809.33 |
| Disposals | - | - | (98.52) | (41.99) | (7.01) | (21.59) | (169.11) |
| As at March 31, 2020 | 2,502.32 | 8,722.71 | 35,418.62 | 123.50 | 346.91 | 320.98 | 47,435.04 |
| Accumulated depreciation | | | | | | | |
| As at April 1, 2019 | - | 2,350.49 | 11,849.72 | 116.92 | 248.25 | 193.29 | 14,758.67 |
| Charge for the year | - | 333.29 | 2,327.11 | 12.37 | 43.50 | 40.51 | 2,756.78 |
| Disposals | - | - | (42.98) | (41.32) | (6.99) | (20.52) | (111.81) |
| As at March 31, 2020 | - | 2,683.78 | 14,133.85 | 87.97 | 284.76 | 213.28 | 17,403.64 |
| Net block | | | | | | | |
| As at March 31, 2020 | 2,502.32 | 6,038.93 | 21,284.77 | 35.53 | 62.15 | 107.70 | 30,031.40 |

3.2 Capital work-in-progress

| | (₹ in lakh) |
|--|-------------|
| As at March 31, 2020 | 214.27 |
| (Including pre-operative expenses of Rs 0.91 Lakh) | |

3.3 Right of use assets (ROU)

| | (₹ in lakh) |
|---------------------------------------|---------------|
| Leasehold land | |
| Gross block | |
| As at April 1, 2019 | - |
| Additions* | 126.59 |
| Disposals | - |
| As at March 31, 2020 | 126.59 |
| Accumulated depreciation | |
| As at April 1, 2019 | - |
| Charge for the year | 1.62 |
| Disposals | - |
| As at March 31, 2020 | 1.62 |
| Net block as at March 31, 2020 | 124.97 |

* additions during the year represents reclassification of operating lease of leasehold land from current and non-current portion of prepaid expenses as at April 1, 2019, on account of adoption of Ind AS 116 (also refer note 31.0).

3.4 During the year, freehold land has been purchased from Telangana State Industrial Infrastructure Corporation Limited at Kakatiya Mega Textile Park, District Warangal (Rural), Telangana under an "Agreement for sale" executed and possession has also been taken. As per agreement executed, Sale Deed will be executed and registered after implementing the project and commencement of commercial production.

3.5 All property, plant and equipment, except freehold land at Warangal (Telangana), as well as ROU assets are charged as security for the term loan and working capital loan facilities from banks, to secure their respective dues (refer notes 13.1 and 27.0).

3.6 Refer note 30.1 for contractual commitment for the acquisition of property, plant and equipment.

3.7 There is no impairment loss during the year ended March 31, 2020.

Notes to the consolidated financial statements

for the year ended March 31, 2020

4.0 Intangible assets

| Particulars | Technical Knowhow | Software | Intangible assets under development | (₹ in lakh) |
|---------------------------------|-------------------|----------|-------------------------------------|-------------|
| | | | | Total |
| Gross block | | | | |
| As at April 1, 2019 | 14.63 | 277.17 | - | 291.80 |
| Additions | - | 30.00 | - | 30.00 |
| Disposals | - | (1.46) | - | (1.46) |
| As at March 31, 2020 | 14.63 | 305.71 | - | 320.34 |
| Accumulated amortization | | | | |
| As at April 1, 2019 | 14.63 | 74.48 | - | 89.11 |
| Amortization for the year | - | 46.96 | - | 46.96 |
| Disposals | - | (1.38) | - | (1.38) |
| As at March 31, 2020 | 14.63 | 120.06 | - | 134.69 |
| Net block | | | | |
| As at March 31, 2020 | - | 185.65 | - | 185.65 |

4.1 There is no impairment loss during the year ended March 31, 2020.

5.0 Non-current financial assets

5.1 Loans

| Particulars | (₹ in lakh) |
|--|----------------------|
| | As at March 31, 2020 |
| Loans to employees | 2.21 |
| Total | 2.21 |
| Break-up: | |
| Loans considered good - secured | - |
| Loans considered good - unsecured | 2.21 |
| Loans which have significant increase in credit risk | - |
| Loans - credit impaired | - |
| | 2.21 |
| Less: Allowance for doubtful loans | - |
| Total | 2.21 |

Refer note 35.0 for information about credit risk and market risk of loans.

5.2 Others

| Particulars | (₹ in lakh) |
|---|----------------------|
| | As at March 31, 2020 |
| Bank deposits with remaining maturity of more than twelve months* | 72.59 |
| Total | 72.59 |

*held as lien by banks against bank guarantees & other credit facilities.

6.0 Other non-current assets

| Particulars | (₹ in lakh) |
|-------------------|----------------------|
| | As at March 31, 2020 |
| Capital advances | 983.22 |
| Security deposits | 324.73 |
| Prepaid expenses | 13.08 |
| Total | 1,321.03 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

7.0 Inventories

(At lower of cost and net realisable value)

| Particulars | (₹ in lakh) |
|-----------------------------|-------------------------|
| | As at March 31, 2020 |
| Raw materials | 6,254.07 |
| Work-in-progress | 571.27 |
| Finished goods | 5,812.99 |
| Finished goods (in-transit) | 187.32 |
| Stock-in-trade | 86.13 |
| Stock-in-trade (in-transit) | 14.19 |
| Stores and spares | 1,554.97 |
| Total | 14,480.94 |

Cost of inventories amounting to ₹ 457.40 Lakh in respect of write-downs of inventory to net realisable value has been expensed out in the consolidated statement of profit and loss.

8.0 Current financial assets

8.1 Current investment

(carried at fair value through profit and loss)

| Particulars | (₹ in lakh) | |
|---|----------------------|-----------------|
| | As at March 31, 2020 | |
| | No. of units | Amount |
| a) Investment in mutual funds (unquoted): | | |
| SBI Banking & PSU Fund (units of ₹ 1,000 each) | 1,10,653.476 | 2,617.33 |
| HDFC Banking & PSU Debt Fund (units of ₹10 each) | 6,04,013.125 | 99.79 |
| Axis Dynamic Bond Fund (units of ₹ 10 each) | 22,15,143.608 | 508.39 |
| Franklin India Banking & PSU Debt Fund (units of ₹ 10 each) | 12,78,715.147 | 210.74 |
| DSP Banking & PSU Debt Fund (units of ₹ 10 each) | 29,60,314.030 | 524.35 |
| ICICI Pru Corporate Bond Fund (units of ₹ 10 each) | 9,98,611.929 | 207.97 |
| L&T Triple Ace Bond Fund (units of ₹10 each) | 18,69,535.585 | 1,033.23 |
| Kotak Banking & PSU Debt Fund (units of ₹ 10 each) | 10,80,116.566 | 514.64 |
| SBI Equity Hybrid Fund Growth (units of ₹ 10 each) | 2,70,140.493 | 341.57 |
| Axis Banking & PSU Debt Fund (units of ₹ 100 each) | 10,892.881 | 208.20 |
| Sub-total | | 6,266.21 |
| b) Investment in bonds (unquoted): | | |
| IIFL Secure Trust July 2019 Series A PTC (units of ₹ 1,00,000 each) | 219.000 | 6.27 |
| Indusind Bank Series III-2019 10.5% NCD Perpetual (units of ₹ 10,00,000 each) | 35.000 | 350.00 |
| Sub-total | | 356.27 |
| c) Fixed deposits with financial institutions | | 1,700.00 |
| Sub-total | | 1,700.00 |
| Total | | 8,322.48 |

Refer note 34.0 and 35.0 for information about fair value measurement, credit risk and market risk of investments.

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 8.2 Trade receivables | | (₹ in lakh) |
|--|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Trade receivables | | 9,922.19 |
| Less: Allowance for doubtful trade receivables | | (185.49) |
| | Total | 9,736.70 |
| Break-up: | | |
| Receivables considered good - secured | | 431.71 |
| Receivables considered good - unsecured | | 9,304.99 |
| Receivables which have significant increase in credit risk | | - |
| Receivables - credit impaired | | - |
| Receivables considered doubtful - unsecured | | 185.49 |
| | | 9,922.19 |
| Less: Allowance for doubtful trade receivables | | (185.49) |
| | Total | 9,736.70 |

Notes:

- Trade receivable represents the amount of consideration, in exchange for goods transferred to the customers, that is unconditional. There are no contract assets and contract liabilities.
- No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director of the Group is a partner, a director or a member.
- No trade receivables are due from any other related party.
- Refer note 34.0 and 35.0 for information about fair value measurement, credit risk and market risk of trade receivables.

| 8.3 Cash and cash equivalents | | (₹ in lakh) |
|-------------------------------|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Balances with banks: | | |
| - On current accounts | | 121.60 |
| Cash on hand | | 6.07 |
| | Total | 127.67 |

| 8.4 Bank balances other than cash and cash equivalents | | (₹ in lakh) |
|--|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Unclaimed dividend (Earmarked) | | 65.77 |
| Deposits with original maturity of more than three months* | | 293.49 |
| | Total | 359.26 |

*held as lien by banks against bank guarantees and letter of credits amounting of ₹ 293.49 Lakh.

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 8.5 Loans | | (₹ in lakh) |
|--|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Loans to employees | | 1.41 |
| | Total | 1.41 |
| Break-up: | | |
| Loans considered good - secured | | - |
| Loans considered good - unsecured | | 1.41 |
| Loans which have significant increase in credit risk | | - |
| Loans - credit impaired | | - |
| | Total | 1.41 |
| Less: Allowance for doubtful loans | | - |
| | Total | 1.41 |

Note: Refer note 35.0 for information about credit risk and market risk of loans.

| 8.6 Other financial assets | | (₹ in lakh) |
|--|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Unsecured, considered good | | |
| Interest receivable on fixed deposits and others | | 110.11 |
| | Total | 110.11 |

| 9.0 Other current assets | | (₹ in lakh) |
|---------------------------------------|------------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Unsecured, considered good | | |
| Security deposits | | 15.61 |
| Advances to suppliers | | 547.19 |
| Advances to employees and others | | 37.45 |
| Prepaid expenses | | 200.83 |
| Balances with Government authorities | | 140.55 |
| Interest receivable - others | | 26.50 |
| Export incentives receivable | | 50.47 |
| | Sub-total | 1,018.60 |
| Unsecured, considered doubtful | | |
| Advances to suppliers | | 30.55 |
| Less: Allowance for doubtful advances | | (30.55) |
| | Sub-total | - |
| | Total | 1,018.60 |

| 10.0 Current tax assets (net) | | (₹ in lakh) |
|-------------------------------|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Income-tax | | 414.34 |
| | Total | 414.34 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

11.0 Assets held for sale/ disposal

(₹ in lakh)

| Particulars | As at March 31, 2020 |
|--|-------------------------|
| Discarded fixed assets held for sale/ disposal | 35.57 |
| Total | 35.57 |

12.1 Share capital

(₹ in lakh)

| Particulars | As at March 31, 2020 |
|---|-------------------------|
| Authorised | |
| 3,40,00,000 equity shares of ₹ 10/- each | 3,400.00 |
| 21,50,000 preference shares of ₹100/- each | 2,150.00 |
| Total | 5,550.00 |
| Issued, subscribed and fully paid up | |
| 2,18,29,397 equity shares of ₹ 10/- each | 2,182.94 |
| Total | 2,182.94 |

Notes:

i) Reconciliation of number of shares outstanding at the beginning and at the end of the year:

| Particulars | As at March 31, 2020 |
|------------------------------------|-------------------------|
| Equity shares | |
| As at the beginning of the year | 2,18,29,397 |
| Add: Shares issued during the year | - |
| As at the end of the year | 2,18,29,397 |

ii) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Group has only one class of equity shares having par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group, after distribution of all preferential amounts, in proportion to their shareholding.

iii) Shares in the Holding Company held by each shareholder holding more than five per cent:

| Name of the shareholder | As at March 31, 2020 | |
|---|----------------------|-----------|
| | Nos. | % holding |
| Equity shares of ₹ 10/- each fully paid up | | |
| MCAP India Fund Limited | 29,75,877 | 13.63 |
| GPL Finance Limited | 22,13,711 | 10.14 |
| SBI Mutual Fund | 20,03,258 | 9.18 |
| Shyam Sunder Sharma | 19,38,927 | 8.88 |
| DSP Equity Fund | 13,26,100 | 6.07 |
| Rajesh Sharma | 10,95,529 | 5.02 |

iv) The Group has neither issued shares for a consideration other than cash/ bonus shares nor bought back any shares during the period of five years immediately preceding the reporting date.

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 12.2 Other equity | | (₹ in lakh) |
|---|-----------------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Capital redemption reserve | | 450.00 |
| Capital reserve | | 225.28 |
| Securities premium | | 13,952.72 |
| General reserve | | 264.13 |
| Retained earnings | | 30,673.24 |
| | Total | 45,565.37 |
| (a) Capital redemption reserve | | |
| Opening balance | | 450.00 |
| Adjustment during the year | | - |
| Closing balance | | 450.00 |
| (b) Capital reserve | | |
| Opening balance | | 225.28 |
| Adjustment during the year | | - |
| Closing balance | | 225.28 |
| (c) Securities premium | | |
| Opening balance | | 13,952.72 |
| Received during the year | | - |
| Closing balance | | 13,952.72 |
| (d) General reserve | | |
| Opening balance | | 264.13 |
| Adjustment during the year | | - |
| Closing balance | | 264.13 |
| (e) Retained earnings | | |
| Opening balance | | 24,819.84 |
| Adjustment during the year | | |
| Net profit for the year | | 6,367.93 |
| Other comprehensive income (net) for the year | | 11.80 |
| Dividend | | (436.59) |
| Dividend distribution tax | | (89.74) |
| Closing balance | | 30,673.24 |
| | Total (a to e) | 45,565.37 |

Nature and purpose of reserves**Capital redemption reserve**

Capital redemption reserve was created for redemption of preference share capital and it is a non-distributable reserve.

Capital reserve

Capital reserve represent capital subsidy received and amount received on forfeiture of shares of the holding company. Capital reserve is utilized in accordance with the provisions of the Companies Act, 2013.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is used to transfer profits from retained earnings for general purposes. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

Notes to the consolidated financial statements

for the year ended March 31, 2020

13.0 Borrowings

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | Non-current | Current maturities |
| | As at March 31, 2020 | As at March 31, 2020 |
| Non-current borrowings | | |
| Term loans: | | |
| - from banks (secured) | 4,825.81 | 824.19 |
| - from State Government (secured) (refer footnote (iv) below) | 150.33 | - |
| Loans from director (unsecured) | 120.00 | - |
| Loans from directors' relatives (related parties) (unsecured) | 116.50 | - |
| | 5,212.64 | 824.19 |
| Current borrowings | | Current |
| Working capital loans from banks | | |
| - Rupee loans (secured) | | 2,630.69 |
| Loans repayable on demand | | |
| - from directors (unsecured) | | 478.00 |
| - from other related parties (unsecured) | | 30.00 |
| | | 3,138.69 |

Notes:

- i) Refer note 13.1 for the details of effective interest rate, repayment terms and security details for the borrowings.
- ii) The carrying amount of financial and non financial assets as security for secured borrowings is disclosed in note 27.0.
- iii) Refer note 35.0 for liquidity risk.
- iv) Loans discounted to their present value using the average interest rate on borrowings and the differential loan amount has been disclosed as government grant.

v) Net debt reconciliation:

| Particulars | (₹ in lakh) |
|---|-----------------|
| | As at |
| | March 31, 2020 |
| Current and non-current borrowings (including current maturities) | 9,175.52 |
| Less: Cash and cash equivalents | (127.67) |
| Interest payable | 61.84 |
| Net debt | 9,109.69 |

| Particulars | (₹ in lakh) | | | |
|--------------------------------------|---|---------------------------|---|-----------------|
| | Current and non-current borrowings (including current maturities) | Cash and cash equivalents | Interest payable (net of interest subsidy receivable) | Total |
| Net debt as at April 1, 2019 | 10,398.85 | (1,613.72) | 48.53 | 8,833.66 |
| Cash flows | (1,256.28) | 1,486.05 | - | 229.77 |
| Other non-cash movements | | | | |
| - foreign exchange adjustments | 19.66 | - | - | 19.66 |
| - fair value adjustments | 13.29 | - | (13.29) | - |
| Interest expense | - | - | 628.06 | 628.06 |
| Interest paid | - | - | (601.46) | (601.46) |
| Net debt as at March 31, 2020 | 9,175.52 | (127.67) | 61.84 | 9,109.69 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

13.1 Nature of security and terms of repayment for non-current borrowings (including their current maturities):

| | Nature of security | Terms of repayment |
|---|---|---|
| 1 | Term loan from bank, balance outstanding amounting to ₹ 780.00 Lakh is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding company and personal guarantees of some of the executive directors of the holding company and others. | Repayable in 29 quarterly installments starting from March, 2020 and last installment falling due in March 2027. Rate of interest 8.30% p.a. as at the year end. |
| 2 | Term loan from bank, balance outstanding amounting to ₹ 2,418.29 Lakh, is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future) of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding company and personal guarantees of some of the executive directors of the holding company and others. | Repayable in 27 quarterly installments starting from April 2020 and last installment falling due in October 2026. Rate of interest 9.00% p.a. as at the year end. |
| 3 | Term loan from bank, balance outstanding amounting to ₹ 2,451.71 Lakh, is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of some of the executive directors of the holding company and others. | Repayable in 32 quarterly installments starting from January 2019 and last installment falling due in October 2026. Rate of interest 9.50% p.a. as at the year end. |
| 4 | Loan from U.P. Government, balance outstanding amounting to ₹ 23.04 Lakh, is secured by way of bank guarantee of equivalent amount. | Repayable in 2 installments during August 2023 and December 2023. The loan is interest free. |
| 5 | Loan from U.P. Government, balance outstanding amounting to ₹ 29.42 Lakh, is secured by way of bank guarantee of equivalent amount. | Repayable in January 2025. The loan is interest free. |
| 6 | Loan from U.P. Government, balance outstanding amounting to ₹ 194.90 Lakh, is secured by way of bank guarantee of equivalent amount. | Repayable in December 2025. The loan is interest free. |
| 7 | Unsecured loans from directors and their relatives amounting to ₹ 236.50 Lakh. | Repayable during 2021-22. Rate of interest 8.50% p.a. as at the year end. |

Nature of security and terms of repayment for current borrowings:

| | Nature of security | Terms of repayment |
|---|---|---|
| 1 | Working capital loans from banks, balance outstanding amounting to ₹ 2,630.69 Lakh, are secured by hypothecation of current assets of the holding company (both present and future), ranking pari passu inter-se. These loans are further secured by way of extension of pari-passu second charge on property, plant and equipment of the holding company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of some of the executive directors of the holding company and others. | Repayable on demand. Rate of interest is ranging from 9.10% to 9.75% p.a. over the tenure of the loans. |
| 2 | Unsecured loans from directors and other related parties amounting to ₹ 508.00 Lakh. | Repayable on demand. Rate of interest 8.50% p.a. as at the year end. |

13.2 The Group has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of the loans.

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 14.0 Government grants | | (₹ in lakh) |
|--|-------------------------|-------------|
| Particulars | As at March 31, 2020 | |
| At the beginning of the year | 504.87 | |
| Received during the year | 21.99 | |
| Released to the statement of profit and loss | (42.99) | |
| At the end of the year | 483.87 | |
| 14.1 Current | 44.27 | |
| 14.2 Non-current | 439.6 | |

| 15.1 Trade payables | | (₹ in lakh) |
|--|-------------------------|-------------|
| Particulars | As at March 31, 2020 | |
| Trade payables | | |
| - Total outstanding dues of micro enterprises and small enterprises | 43.52 | |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 3368.74 | |
| Total | 3412.26 | |

Refer note 35.0 for information about liquidity risk and market risk of trade payables.

Notes:**Dues to micro and small enterprises**

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

| Particulars | As at March 31, 2020 |
|--|-------------------------|
| a) The principal amount remaining unpaid to any supplier at the end of the year | 43.52 |
| b) Interest due remaining unpaid to any supplier at the end of the year | - |
| c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year | - |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | - |

Disclosure of payable to vendors as defined under the MSMED Act, 2006 is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group.

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 15.2 Other current financial liabilities | | (₹ in lakh) |
|--|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Current maturities of long-term borrowings | | 824.19 |
| Creditors for capital expenditure | | 10.76 |
| Interest accrued | | 61.84 |
| Unclaimed dividends* | | 65.77 |
| Mark to market of derivative financial instruments | | 125.88 |
| Other payables | | 2601.04 |
| | Total | 3689.48 |

* During the year, the Group has transferred ₹ 10.69 Lakh to Investor Education and Protection Fund towards unclaimed dividend and there are no overdue amounts as at the balance sheet date.

| 16.0 Other current liabilities | | (₹ in lakh) |
|--------------------------------|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Advance from customers | | 124.68 |
| Statutory dues payables | | 174.01 |
| | Total | 298.69 |

| 17.0 Provisions | | (₹ in lakh) |
|----------------------------|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Employee benefits | | |
| 17.1 Non-current | | |
| Leave obligations | | 124.40 |
| Gratuity (refer note 29.1) | | 594.89 |
| | Total | 719.29 |
| 17.2 Current | | |
| Leave obligations | | 43.89 |
| Gratuity (refer note 29.1) | | 99.57 |
| | Total | 143.46 |

| 18.1 Deferred tax liabilities (net) | | (₹ in lakh) |
|---------------------------------------|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Deferred tax assets | | (315.94) |
| Deferred tax liabilities | | 2028.45 |
| Deferred tax liabilities (net) | Total | 1712.51 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 18.1.a Movement of deferred tax liabilities (net) | | (₹ in lakh) |
|---|--------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Deferred tax liabilities (net) | | |
| As at the beginning of the year | | 2123.00 |
| Charge/ (credit) to statement of profit and loss* | | (410.49) |
| | Total | 1712.51 |

*Deferred tax on remeasurement of defined benefit obligation of ₹ 3.97 Lakhs has been charged to other comprehensive income.

| 18.1.b Components of deferred tax (assets)/ liabilities | | (₹ in lakh) |
|---|------------------|-------------------------|
| Particulars | | As at March 31, 2020 |
| Deferred tax liability | | |
| Property, plant and equipment | | 2016.34 |
| Others | | 12.11 |
| | Sub-total | 2028.45 |
| Deferred tax asset | | |
| Expenses allowed in the year of payment | | (261.57) |
| Provision for doubtful trade receivables and advances | | (54.37) |
| | Sub-total | (315.94) |
| Deferred tax (assets)/ liabilities (net) | Total | 1712.51 |

| 19.0 Revenue from operations | | (₹ in lakh) |
|---|------------------|--------------------------------------|
| Particulars | | For the year ended March 31, 2020 |
| Sale of products | | |
| Finished goods (including process waste) | | 86,558.56 |
| Stock-in-trade | | 1,777.51 |
| | Sub-total | 88,336.07 |
| Other operating revenues | | |
| Sale of waste and scrap | | 200.66 |
| Job work receipts | | 3.48 |
| Insurance claims received | | 24.62 |
| Export incentive | | 126.44 |
| Allowance for doubtful trade receivables written back (net) | | 110.37 |
| Income from recycling certification | | 78.75 |
| Liabilities no longer required written back | | 1.11 |
| Others | | 1.89 |
| | Sub-total | 547.32 |
| | Total | 88,883.39 |

The Group offers, performance based discounts and other discounts as per the prevailing trade practices at the time of sale. A sale invoice is the de facto contract agreement with the Customers. Any credit notes for discounts issued thereafter are reduced

Notes to the consolidated financial statements

for the year ended March 31, 2020

from gross sales and net sales is shown in the statement of profit and loss. Details of the revenue from contracts with customers as it appears in the invoices raised on them and credit notes issued thereafter are as under:

| Particulars | |
|--|------------------|
| a. Revenue from contracts with customers | 88,539.45 |
| Less: | |
| b. Performance and price discounts | 102.83 |
| c. Other discounts | 100.55 |
| Revenue from sale of products | 88,336.07 |

20.0 Other income

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|-------------------------------------|--------------------------------------|
| Interest income | 375.15 |
| Government grants* | 92.99 |
| Profit on sale of investments | 208.51 |
| Fair value gain on financial assets | 48.13 |
| Miscellaneous income | 15.34 |
| Total | 740.12 |

* Government grants for the year ended March 31, 2020 includes ₹ 50.00 Lakh received by the Group from Handloom & Textile Industry Department, Uttar Pradesh against the interest expense incurred on term loans taken from banks and further includes ₹ 42.99 Lakh against reversal of deferred Government grant.

21.0 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|--|--------------------------------------|
| Inventories at the end of the year* | |
| Finished goods | 6,000.31 |
| Stock-in-trade | 100.32 |
| Work-in-progress | 571.27 |
| Sub-total | 6,671.90 |
| Inventories at the beginning of the year* | |
| Finished goods | 3,313.83 |
| Stock-in-trade | 207.80 |
| Work-in-progress | 575.00 |
| Sub-total | 4,096.63 |
| Total | (2,575.27) |

* including goods-in-transit.

22.0 Employee benefits expenses

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|---|--------------------------------------|
| Salaries and wages | 5,503.31 |
| Contribution to provident and other funds (refer note 29.2) | 248.74 |
| Gratuity expense (refer note 29.1) | 150.82 |
| Staff welfare expenses | 98.93 |
| Total | 6,001.80 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

23.0 Other expenses

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|--|--------------------------------------|
| A. Manufacturing expenses: | |
| Consumption of stores and spares | 2,434.21 |
| Power and fuel | 8,396.63 |
| Processing charges | 942.28 |
| Repairs and maintenance: | |
| - Plant and machinery | 389.27 |
| - Buildings | 203.98 |
| Sub-total | 12,366.37 |
| B. Administrative expenses | |
| Rent (refer note 31.0) | 101.59 |
| Rates and taxes | 10.32 |
| Insurance | 124.05 |
| Repairs and maintenance - others | 108.30 |
| CSR expenditure | 124.42 |
| Travelling and conveyance | 200.12 |
| Communication costs | 49.87 |
| Printing and stationery | 41.16 |
| Legal and professional fee | 67.47 |
| Cost auditors' remuneration | 1.00 |
| Directors' sitting fee | 2.45 |
| Payment to auditor (refer details below) | 13.32 |
| Bad debts/ advances written off | 66.71 |
| Loss on sale/ discard of property, plant and equipment (net) | 53.02 |
| Miscellaneous expenses | 133.30 |
| Vehicle running and maintenance | 80.83 |
| Commission to non-executive directors | 44.24 |
| Security service charges | 149.27 |
| Loss on foreign currency fluctuations and translations (net) | 23.92 |
| Sub-total | 1,395.36 |
| C. Selling expenses | |
| Freight and forwarding charges | 2,853.29 |
| Other selling and distribution expenses | 546.06 |
| Sub-total | 3,399.35 |
| Total | 17,161.08 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

| 23.0 Other expenses (contd...) | | (₹ in lakh) |
|--------------------------------------|--------------------------------------|--------------|
| Particulars | For the year ended March 31, 2020 | |
| Break up of payment to auditor: | | |
| As auditor: | | |
| - Audit fee | | 9.00 |
| - Tax audit fee | | 1.00 |
| - Limited review fee | | 3.01 |
| In other capacity | | |
| - Other services (certification fee) | | 0.10 |
| - Reimbursement of expenses | | 0.21 |
| Total | | 13.32 |

| 24.0 Depreciation and amortization expense | | (₹ in lakh) |
|---|--------------------------------------|-----------------|
| Particulars | For the year ended March 31, 2020 | |
| Depreciation on property, plant and equipment | | 2,756.78 |
| Amortization of intangible assets | | 46.96 |
| Depreciation on right-of-use assets | | 1.62 |
| Total | | 2,805.36 |

| 25.0 Finance costs | | (₹ in lakh) |
|--|--------------------------------------|---------------|
| Particulars | For the year ended March 31, 2020 | |
| Interest | | 628.06 |
| Exchange differences regarded as an adjustment to borrowing cost | | 39.36 |
| Other borrowing costs (including bank charges) | | 109.94 |
| Total | | 777.36 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

26.0 Tax expense

26.1 The major components of income-tax expense are as under:

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|--|--------------------------------------|
| A) Profit and loss section | |
| Current tax | |
| In respect of current year | 1,957.14 |
| Sub-total | 1,957.14 |
| Deferred tax | |
| Relating to origination and reversal of temporary differences | (414.46) |
| Sub-total | (414.46) |
| MAT credit reversed* | 416.59 |
| Sub-total | 416.59 |
| Income tax expense reported in the statement of profit and loss | Total |
| | 1,959.27 |
| B) Other comprehensive income ('OCI') section | |
| Deferred tax related to items recognized in OCI during the year: | |
| Re-measurement gain/ (loss) on defined benefit obligation | 3.97 |
| Income-tax charged/ (credited) to OCI | Total |
| | 3.97 |

* Refer note 39.0

26.2 Reconciliation of tax expense and the accounting profit multiplied by applying the statutory income-tax rate to the profit before tax is as under:

(₹ in lakh)

| Particulars | For the year ended March 31, 2020 |
|--|--------------------------------------|
| Accounting profit before income-tax | 8,327.20 |
| Enacted income-tax rate applicable to the Company | 25.168% |
| Current tax expense on profit before tax at the enacted income-tax rate | 2,095.79 |
| Permanent disallowances | 35.46 |
| Impact of tax on loss component | 2.71 |
| Reversal of opening deferred tax (including MAT reversed) due to change in tax rates | (177.34) |
| Others | 2.65 |
| Total income-tax expense | 1,959.27 |

Consequent to reconciliation items shown above, the effective tax rate is 23.529%.

Notes to the consolidated financial statements

for the year ended March 31, 2020

27.0 Assets pledged as security*

The carrying amount of assets pledged as security for current and non-current borrowings are: (₹ in lakh)

| Particulars | As at March 31, 2020 |
|---|-------------------------|
| First charge | |
| Non-current assets | |
| Property, plant and equipment | 28,785.69 |
| Capital work-in-progress | 212.61 |
| Right of use assets | 124.97 |
| Non-current financial assets | 74.80 |
| Other non-current assets | 605.48 |
| Total non-current assets pledged as security | 29,803.55 |
| Second charge | |
| Current assets | |
| Financial assets | |
| Investments | 8,322.48 |
| Trade receivables | 9,736.70 |
| Cash and cash equivalents | 110.25 |
| Bank balances | 293.49 |
| Others | 120.06 |
| Non financial assets | |
| Inventories | 14,480.94 |
| Current tax assets | 414.34 |
| Others | 1,054.19 |
| Total current assets pledged as security | 34,532.45 |
| Total assets pledged as security | 64,336.00 |

*against loans taken by holding company.

28.0 Earnings per share

| Particulars | For the year ended March 31, 2020 |
|---|--------------------------------------|
| Earning per share has been computed as under: | |
| Profit for the year (₹ in Lakh) | 6,367.93 |
| Weighted average number of equity shares outstanding (Numbers) | 2,18,29,397 |
| Earnings per share (₹) - Basic (face value of ₹ 10/- per share) | 29.17 |
| Earnings per share (₹) - Diluted (face value of ₹ 10/- per share) | 29.17 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

29.0 Gratuity and other post-employment benefit plans

29.1 Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the numbers of years of services. The gratuity plan is an unfunded plan.

| Movement in the present value of the defined benefit obligation for gratuity are as follows: | | (₹ in lakh) |
|--|--|--------------------------------------|
| Particulars | | For the year ended March 31, 2020 |
| Opening defined benefit obligation | | 588.84 |
| Current service cost | | 106.66 |
| Past service cost | | - |
| Interest expense | | 44.16 |
| Benefits paid | | (29.43) |
| Actuarial (gains) / losses arising from changes in demographic assumptions | | (0.01) |
| Actuarial (gains) / losses arising from changes in financial assumptions | | 34.80 |
| Actuarial (gains) / losses arising from experience adjustments | | (50.56) |
| Closing defined benefit obligation | | 694.46 |

| Net liability recognized in balance sheet: | | (₹ in lakh) |
|--|--|-------------------------|
| Particulars | | As at March 31, 2020 |
| Present value of defined benefit obligation | | 694.46 |
| Fair value of plan assets | | - |
| Funded status (deficit) | | (694.46) |
| Net liability recognized in balance sheet | | 694.46 |
| Break-up of defined benefit obligation | | |
| Current liability | | 99.57 |
| Non-current liability | | 594.89 |
| Total | | 694.46 |

| Net defined benefit expense recognized in employee benefit expenses in the statement of profit and loss: | | (₹ in lakh) |
|--|--|--------------------------------------|
| Particulars | | For the year ended March 31, 2020 |
| Current service cost | | 106.66 |
| Net interest cost | | 44.16 |
| Total | | 150.82 |

| Remeasurement (gain) / loss recognized in other comprehensive income: | | (₹ in lakh) |
|--|--|--------------------------------------|
| Particulars | | For the year ended March 31, 2020 |
| Actuarial (gains) / losses arising from changes in demographic assumptions | | (0.01) |
| Actuarial (gains) / losses arising from changes in financial assumptions | | 34.80 |
| Actuarial (gains) / losses arising from experience adjustments | | (50.56) |
| Total | | (15.77) |

Notes to the consolidated financial statements

for the year ended March 31, 2020

The principal assumptions used in determining gratuity as shown below:

| Particulars | As at March 31, 2020 |
|------------------------|--|
| Discount rate | 6.50% |
| Salary escalation rate | 7.00% |
| Withdrawal rate | 15.00% |
| Mortality | Published rates under the Indian Assured Lives Mortality (2012-14) |

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the key assumptions is as under: (₹ in lakh)

| Particulars | Year | Change in assumption | Change due to increase in assumption | Change due to decrease in assumption |
|------------------------|----------------|-------------------------|--|--|
| Discount rate | March 31, 2020 | 1.00% | (34.80) | 38.56 |
| Salary escalation rate | March 31, 2020 | 1.00% | 36.95 | (34.21) |
| Withdrawal rate | March 31, 2020 | 1.00% | negligible | negligible |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. There is no change in the method of valuation for the prior periods.

Maturity profile of demand of defined benefit obligation is as under: (₹ in lakh)

| Particulars | As at March 31, 2020 |
|---------------|-------------------------|
| Within 1 year | 99.57 |
| 1 - 2 Year | 88.09 |
| 2 - 3 Year | 80.00 |
| 3 - 4 Year | 67.35 |
| 4 - 5 Year | 59.30 |
| Above 5 years | 300.15 |
| Total | 694.46 |

Fair value and changes in fair value of plan assets during the year ended March 31, 2020:

Gratuity obligations are not funded.

As per the policy of the Group, no gratuity is payable to the executive directors of the Group.

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

29.2 Defined contribution plans

The Group also has certain defined contribution plans, such as provident fund, family pension fund and employee's state insurance for benefit of employees. Contributions are made to funds administered by the Government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the year towards contribution to defined contribution plans is ₹ 248.74 Lakh

29.3 Leave obligation

The Group provides for leave obligations based on actuarial valuation carried at the year end using the projected unit credit method.

Notes to the consolidated financial statements

for the year ended March 31, 2020

30.0 Commitments and contingencies (to the extent not provided for)

30.1 Commitments

(₹ in lakh)

| Particulars | As at March 31, 2020 |
|---|-------------------------|
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances): | 4,990.70 |
| Total | 4,990.70 |

30.2 Contingent liabilities

(₹ in lakh)

| Particulars | As at March 31, 2020 |
|--|-------------------------|
| a) Matters with tax authorities | |
| - Income-tax matters | 42.04 |
| - Entry tax matters | 36.69 |
| - VAT matters | 7.66 |
| b) Demand as environmental compensation has been raised by Uttarakhand Pollution Control Board ('UPCB') in pursuance of a general order of Hon'ble National Green Tribunal ('NGT') dated November 14, 2019 ('Order'). The operation of the said Order has been stayed by the Hon'ble Supreme Court vide its order dated March 18, 2020. The management believes that this demand has erroneously been raised on the holding company by UPCB and not sustainable. | 100.00 |
| c) Bills discounted under letters of credit and outstanding | 17.56 |
| d) Claims against the Group not acknowledged as debt (interest thereon not ascertainable at present) | 36.88 |
| Total | 240.83 |

31.0 Leases

The Group's lease assets primarily consist of leases for land taken for factory premises, office premises, guest houses and warehouses having different lease terms. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and no adjustments were made in the previous year numbers.

On transition, the adoption of the new standard resulted in recognition of right of use asset of ₹ 126.59 Lakh in respect of the land lease for factory premises by reclassifying the amounts lying in non-current and current portion of prepaid expenses. The Group does not have any lease liability since the entire amount of lease premium for the aforesaid land lease was paid in advance and there is no future lease liability. There has been no effect of applying the standard on retained earnings as at April 1, 2019, on the profit before tax, profit for the period, earnings per share, cash flow from operating activities and cash flow from financing activities.

The following is the summary of practical expedients elected on initial application:

- The Group has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The Group has applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead, it has applied Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17.

For details pertaining to the carrying value of right of use asset and amortization charged thereon during the year, refer note 3.3 of the financial statements.

The Group does not have any lease liability and thus there are no liquidity risks.

Rental expense recorded for short-term leases and low value asset leases is ₹ 101.59 Lakh for the year ended March 31, 2020.

Notes to the consolidated financial statements

for the year ended March 31, 2020

32.0 Segment information

33.1 Primary segment (by business segment):

Ind AS 108 establishes standards for the way that the Group report information about operating segments and related disclosures about products and services, geographic areas and major customers. The Group's operations comprises of only one segment i.e. sale of polyester staple fibre and polyester yarn which are mainly having similar risks and returns. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment (synthetic textile). In view of the same, separate primary segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments".

32.2 Secondary segment (by geographical demarcation):

Considering the nature of the business in which the Group operates, the Group deals with various customers in multiple geographies. The details of segment revenue based on geographical demarcation is as under:

| Particulars | (₹ in lakh) |
|-------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 |
| Revenue from sale of products | |
| - India | 82,440.12 |
| - Outside India | 5,895.95 |
| Total | 88,336.07 |

33.0 Related party disclosures

Name of related parties and nature of relationship:

33.1 A. Key management personnel

| | |
|-----------------------------|---|
| Shri Shyam Sunder Sharma | Non-Executive Chairman |
| Shri Vishnu Dutt Khandelwal | Executive Vice Chairman |
| Shri Sharad Sharma | Managing Director |
| Shri Rajesh Sharma | Joint Managing Director (till July 31, 2019, working as Executive Director) |
| Shri Gopal Singh Shekhawat | 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 (till September 5, 2019) |
| Smt. Seema Sharma | Non-Executive Director |
| Smt. Shobha Chaturvedi | Independent Director (Additional) (w.e.f. September 5, 2019) |
| Shri Gopal Agarwal | Chief Financial Officer |
| Shri Bharat Kumar Sajnani | Company Secretary & Compliance Officer |

B. Relatives of key management personnel

| | |
|----------------------------|---|
| Smt. Vimal Sharma | Wife of Shri Shyam Sunder Sharma |
| Smt. Nirmal Khandelwal | Wife of Shri Vishnu Dutt Khandelwal |
| Smt. Ratna Sharma | Wife of Shri Rajesh Sharma |
| Shri Sandeep Khandelwal | Son of Shri Vishnu Dutt Khandelwal |
| Smt. Charu Khandelwal | Son's Wife of Shri Vishnu Dutt Khandelwal |
| Shri Yash Sharma | Son of Shri Sharad Sharma |
| Shri Ashwani Sharma | Son of Shri Rajesh Sharma |
| Shyam Sunder Sharma HUF | Shri Shyam Sunder Sharma is Karta |
| Vishnu Dutt Khandelwal HUF | Shri Vishnu Dutt Khandelwal is Karta |
| Sharad Sharma HUF | Shri Sharad Sharma is Karta |
| Rajesh Sharma HUF | Shri Rajesh Sharma is Karta |

Notes to the consolidated financial statements

for the year ended March 31, 2020

C. Entities controlled by key management personnel or their relatives

| | |
|-------------------------------|--|
| Sandeep Yarns Private Limited | |
| GPL Finance Limited | |

D. Entities over which key management personnel are able to exercise significant influence

| | |
|-----------------------|--|
| Ganesh Memorial Trust | |
|-----------------------|--|

33.2 Summary of transactions during the year

(₹ in lakh)

| Particulars | Year ended | Key management personnel | Relatives of key management personnel | Entities controlled by key management personnel or their relatives | Entities over which key management personnel are able to exercise significant influence |
|---|----------------|--------------------------|---------------------------------------|--|---|
| Managerial remuneration | March 31, 2020 | 855.89 | - | - | - |
| Commission and sitting fee | March 31, 2020 | 46.69 | - | - | - |
| Salary and allowances | March 31, 2020 | - | 28.42 | - | - |
| Interest paid | March 31, 2020 | 46.54 | 11.65 | 13.48 | - |
| Unsecured loan accepted | March 31, 2020 | 151.00 | - | 165.00 | - |
| Unsecured loan repaid | March 31, 2020 | - | 15.00 | 218.00 | - |
| Contribution to trust for CSR expenditure | March 31, 2020 | - | - | - | 93.65 |
| Amount outstanding at balance sheet date | | | | | |
| Unsecured loan payable | March 31, 2020 | 598.00 | 116.50 | 30.00 | - |
| Amounts payable | March 31, 2020 | 793.63 | 2.58 | 0.73 | - |

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

33.4 No amount has been written off or written back during the year in respect of debts due from or to related parties.

34.0 Financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values

- The fair values of derivatives such as forward/ derivative contracts are on mark to market basis as per bank.
- The Group has adopted effective interest rate for calculating interest expense. Processing fees and transaction costs relating to each loan has been considered for calculating effective interest rate. The fair values of non-current borrowings are classified as level 3 in the fair value hierarchy due to the use of unobservable inputs including own credit risk.
- Loans and other non-current financial assets are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for expected losses of these receivables. The fair value of loans and other non-current financial assets has been considered as equal to their carrying amount. These fair values are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
- Fair values of cash and cash equivalents, trade receivables, bank balances, current investments, current loans, other current financial assets, trade payables, current borrowings and other financial liabilities are considered to be the same as their carrying amount due to short-term maturities of these instruments.

Notes to the consolidated financial statements

for the year ended March 31, 2020

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial assets

(₹ in lakh)

| Particulars | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2020 | |
|---|-----------------------------------|----------------------|----------------------|------------------|
| | | | Carrying amount | Fair value |
| 1. Financial assets designated at fair value through profit and loss (FVTPL) | | | | |
| Current investments | D | Level 2 | 8,322.48 | 8,322.48 |
| 2. Financial assets designated at fair value through other comprehensive income (FVTOCI) | | | - | - |
| 3. Financial assets designated at amortized cost | | | | |
| a) Trade receivables | D | Level 3 | 9,736.70 | 9,736.70 |
| b) Cash and cash equivalents | D | Level 3 | 127.67 | 127.67 |
| c) Other bank balances | D | Level 3 | 359.26 | 359.26 |
| d) Loans | C, D | Level 3 | 3.62 | 3.62 |
| e) Other financial assets | C, D | Level 3 | 182.70 | 182.70 |
| Total | | | 18,732.43 | 18,732.43 |

Financial liabilities

(₹ in lakh)

| Particulars | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2020 | |
|---|-----------------------------------|----------------------|----------------------|------------------|
| | | | Carrying amount | Fair value |
| 1. Financial liabilities designated at fair value through profit and loss | | | | |
| Mark to market of derivative financial instruments | A | Level 2 | 125.88 | 125.88 |
| 2. Financial liabilities designated at fair value through other comprehensive income | | | - | - |
| 3. Financial liabilities designated at amortized cost | | | | |
| a) Borrowings | B, D | Level 3 | 8,351.33 | 8,351.33 |
| b) Trade payables | D | Level 3 | 3,412.26 | 3,412.26 |
| c) Other financial liabilities | D | Level 3 | 3,563.60 | 3,563.60 |
| Total | | | 15,453.07 | 15,453.07 |

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

35.0 Financial risk management

The Group realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's senior management oversees the management of these risks.

Notes to the consolidated financial statements

for the year ended March 31, 2020

The Group has exposure to the following risks (arising from financial instruments):

- Credit risk
- Liquidity risk
- Market risk

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The Group is exposed to credit risk mainly from trade receivables, loans given and other financial assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition.

Trade receivables are typically unsecured and derived from revenue earned from customers located in India and abroad. Credit risk is managed by the Group through customer assessment, credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group measures the expected credit loss of trade receivables based on historical trend, industry practice and the business environment in which the entity operates. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, loans given and other financial assets.

The allowance for lifetime expected credit loss on trade receivables is as under:

(₹ in lakh)

| Particulars | As at March 31, 2020 |
|---|-------------------------|
| Allowance for expected credit loss | |
| Opening balance | 310.29 |
| Impairment loss recognized (net of reversals) | (124.80) |
| Closing balance | 185.49 |

Loans given and other financial assets are considered to be of good quality and there is no significant credit risk.

B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

a) Financing arrangements

The Group believes that it has sufficient working capital to meet its current requirements. Accordingly, no liquidity risk is perceived. Further, the Group is having cash credit facilities from banks of ₹ 6,200.00 Lakh, repayable on demand which carry floating rate of interest.

b) Contractual maturities of financial liabilities

(₹ in lakh)

| As at March 31, 2020 | 0-1 years | 1-2 years | 2-5 years | More than 5 years | Total |
|--|-----------------|-----------------|-----------------|----------------------|------------------|
| Non-current borrowings (including current maturities) | 824.19 | 1,080.69 | 2,947.22 | 1,184.73 | 6,036.83 |
| Current borrowings | - | - | - | - | - |
| Trade payables | 3,412.26 | - | - | - | 3,412.26 |
| Other financial liabilities | 2,865.29 | - | - | - | 2,865.29 |
| Total | 7,101.74 | 1,080.69 | 2,947.22 | 1,184.73 | 12,314.38 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

C. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e., currency rate, interest rate and other price related risks. Financial instruments affected by market risk include borrowings, loans given, deposits, foreign currency receivables and payables and derivative financial instruments such as forward contracts. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

i) Foreign currency risk

The Group is exposed to foreign currency risk through operating and financing activities in foreign currency. The Group uses derivative financial instruments, such as foreign currency sale and purchase forward contracts and currency and interest rate swap contracts, to reduce foreign currency risk exposure and follows its risk management policies.

| Derivative financial instruments outstanding as at the reporting date | | (₹ in lakh) |
|---|--|-------------------------|
| Particulars | | As at March 31, 2020 |
| a) Nominal value of forward contracts | | |
| Forward contracts to sell USD | | 437.43 |
| Forward contracts to sell EURO | | 253.19 |
| Forward contracts to buy EURO | | 249.36 |
| b) Currency cum interest rate swap (INR/ EURO) | | 1903.83 |
| | | 2,843.81 |

Foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

The currency profile of financial assets and financial liabilities (unhedged foreign currency exposure) as at the balance sheet date is as under:

| Particulars | (₹ in lakh) | | |
|----------------------------------|----------------------|-------------------|-------------------|
| | As at March 31, 2020 | | |
| | USD | EURO | Total |
| Financial assets | | | |
| Trade receivables | 173.71 | 27.96 | 201.67 |
| Financial liabilities | | | |
| Trade and other payables | (80.83) | (12.06) | (92.89) |
| Borrowings | - | (1,655.19) | (1,655.19) |
| Interest accrued but not due | - | - | - |
| Net assets/ (liabilities) | 92.88 | (1,639.29) | (1,546.41) |

Foreign currency risk sensitivity

1% increase and decrease in foreign exchanges rate will have the following impact on profit before tax: (₹ in lakh)

| Particulars | As at March 31, 2020 | |
|---|----------------------|--------------|
| | 1% increase | 1% decrease |
| USD | 0.93 | (0.93) |
| EURO | (16.39) | 16.39 |
| Increase / (decrease) in profit before tax | (15.46) | 15.46 |

Notes to the consolidated financial statements

for the year ended March 31, 2020

ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligation at floating interest rates.

| Particulars | As at March 31, 2020 | |
|--------------------------|----------------------|----------------|
| | (₹ in Lakh) | % of total |
| Fixed rate borrowings | 894.83 | 9.75% |
| Variable rate borrowings | 8,280.69 | 90.25% |
| Total | 9,175.52 | 100.00% |

Note: The above amounts include current maturities of non-current borrowings

Interest rate sensitivity on variable rate borrowings

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for whole of the year.

| Particulars | As at |
|--|----------------|
| | March 31, 2020 |
| 50 basis points increase would decrease the profit before tax by | (41.40) |
| 50 basis points decrease would increase the profit before tax by | 41.40 |

36.0 Capital risk management

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Group companies is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor's, creditor's and market's confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure in consonance with its long term strategic plans.

The gearing ratio at the end of the reporting period is as under: (₹ in lakh)

| Particulars | As at |
|---|----------------|
| | March 31, 2020 |
| Current and non-current borrowings (including current maturities) | 9,175.52 |
| Debt (A) | 9,175.52 |
| Total equity (B) | 47,748.31 |
| Equity and debt (C =A+B) | 56,923.83 |
| Gearing ratio (A/C) | 16.12% |

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37.0 Additional information on the entities forming part of consolidated financial statements as required under Schedule III of the Companies Act, 2013

As at and for the year ended March 31, 2020

| Name of the entity in the Group | Net Assets, i.e. total assets less total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|--------------------|-------------------------------------|--------------------|---|--------------------|---|--------------------|
| | As % of consolidated net assets | Amount (₹ in Lakh) | As % of consolidated profit or loss | Amount (₹ in Lakh) | As % of consolidated other comprehensive income | Amount (₹ in Lakh) | As % of consolidated total comprehensive income | Amount (₹ in Lakh) |
| | | | | | | | | |
| Holding Company | | | | | | | | |
| Ganesha Ecosphere Limited | 100.04% | 47768.55 | 100.32% | 6388.17 | 100.00% | 11.80 | 100.32% | 6399.97 |
| Indian Subsidiary | | | | | | | | |
| Ganesha Ecopet Private Limited | 2.07% | 989.25 | -0.17% | (10.75) | 0.00% | 0.00 | -0.17% | (10.75) |
| Total eliminations/ adjustments | -2.11% | (1,009.49) | -0.15% | (9.49) | 0.00% | 0.00 | -0.15% | (9.49) |
| Total | 100.00% | 47748.31 | 100.00% | 6367.93 | 100.00% | 11.80 | 100.00% | 6379.73 |

38.0 COVID 19 assessment

The COVID-19 pandemic is rapidly spreading throughout the world. The operations of the Group were impacted due to shutdown of factory plants and offices following lockdown as per the directives from different State Governments and Central Government of India. The operations have been resumed in a phased manner as per the directives issued by Governments from time to time. The Group has evaluated impact of this pandemic on its business operations and financial position and based on its review of current indicators of future economic conditions, there is no significant impact on its financial statements as at March 31, 2020. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial statements. The Group will continue to monitor any material changes to future economic conditions.

39.0 MAT credit reversed

Pursuant to enactment of Section 115BAA in the Income-tax Act, 1961, the tax rates were reduced effective from April 1, 2019 with certain conditions. The Group has exercised the option for revised rates and for complying with the conditions of Section 115JB, MAT credit entitlement has been reversed and charged to the statement of profit and loss.

40.0 Events occurring after the balance sheet date

The Board of Directors of the holding company have recommended dividend of ₹ 2/- per fully paid up equity share of ₹10/- each, aggregating to ₹ 436.59 Lakh for the financial year 2019-20. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and the actual dividend amount will be dependent on the share capital outstanding as on the relevant record date/ book closure.

41.0 This is the first year of preparation of consolidated financial statements of the Group (since there were no subsidiary, associate and joint venture in the previous year) and accordingly, there are no consolidated figures for the previous year.

As per our report of even date attached.

For Narendra Singhania & Co.
Chartered Accountants
Firm Reg. No. 009781N

Narendra Singhania
Partner
Membership No.: 087931

Place: New Delhi

Date: June 22, 2020

For and on behalf of the Board of Directors

Sharad Sharma
Managing Director

Shyam Sunder Sharma
Chairman

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Place: Kanpur

Date: June 22, 2020

Corporate Information

Board of Directors

Shri Shyam Sunder Sharmma

Chairman

Shri Vishnu Dutt Khandelwal

Executive Vice Chairman

Shri Sharad Sharma

Managing Director & CEO

Shri Rajesh Sharma

Joint Managing Director

Shri Gopal Singh Shekhavat

Director (Administration)

Smt. Seema Sharma

Non-Executive Director

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

Smt. Shobha Chaturvedi

Independent Director

Chief Financial Officer

Shri Gopal Agarwal

Company Secretary

Shri Bharat Kumar Sajnani

Auditors

M/s. Narendra Singhania & Co.,
Chartered Accountants, New Delhi

Bankers

State Bank of India

HDFC Bank

Yes Bank Limited

Bank of India

Administrative office

113/216-B, Swaroop Nagar,

Kanpur-208002, Uttar Pradesh

Email: gesl@ganeshaecosphere.com

Tel: +91-512-2555505-06

Fax:+91-512-2555293

Registered Office

Raipur, (Rania), Kalpi Road,

Distt. Kanpur Dehat, Uttar Pradesh - 209304

Email : gesl@ganeshaecosphere.com

Tel: +91-9198708383

Works

Kanpur Unit

Raipur, (Rania), Kalpi Road,

Distt. Kanpur Dehat, Uttar Pradesh - 209304

Rudrapur Unit

Plot No. 6, Sector -2,

Integrated Industrial Estate,

Pantnagar, Uttarakhand - 263153.

Bilaspur Units

a. Khata No. 96 and 97,

Arazi Village Kotha, Ali Nagar,

Pargana and Tehsil Bilaspur,

Distt. Rampur, Uttar Pradesh - 244923.

b. Gata No. 112, Village Temra,

Tehsil Bilaspur,

Distt. Rampur, Uttar Pradesh - 244923.

Website: www.ganeshaecosphere.com



GANESHA ECOSPHERE LTD.

113/216-B, Swaroop Nagar,
Kanpur - 208 002, Uttar Pradesh