GANESHA ECOSPHERE LTD.

GESL/2018-19

September 24, 2018

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

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

Sub.: Annual Report of the Company for the Financial Year 2017-18

Dear Sir/Ma'am,

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith copy of Annual Report of the Company for the Financial Year 2017-18.

Kindly take the above on record and oblige.

Thanking you,

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

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

Encl: As Above

GANESHA ECOSPHERE LTD.

29TH ANNUAL REPORT
2017-18



Forward-looking statement

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

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

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



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* In view of this, we expanded our capacity to 1,18,800 TPA

Recycle. Responsible. Remunerative.

At Ganesha Ecosphere, the more we produce, the more we recycle; the more we grow, the lower the carbon footprint; the more we sell, the larger the value generated from waste.



300
Million tonnes of plastic waste generated annually the world over

9
% of all plastic waste recycled globally a year

With growing consumption, plastic waste is growing significantly and with only 9% of them being recycled, there is a significant amount plastic waste for landfilling. This provides immense opportunity for recycling and generating revenue from trash.

7.4
cubic yards required to landfill one tonne of PET waste

1.5
Tonnes of CO_2 saved by recycling PET to produce one tonne of recycled PSF

With a significant amount of PET waste, the world would require a substantial amount of land to accommodate PET waste. Recycling would not only help in reducing landfill but also help in carbon emissions reduction.

450+
Years usually taken by PET to decompose

12
Million tonnes of plastic waste entering oceans each year

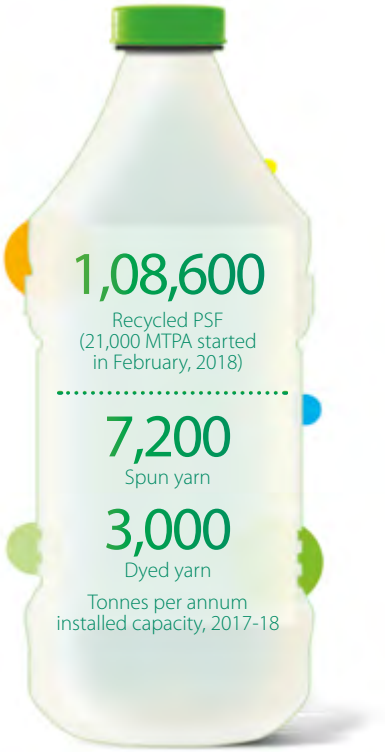
With PET taking long for decomposing, it will remain on the earth for a longer time and continue to pollute. Plastic waste disposed in the ocean is and will continue causing irrevocable harm to marine life.

2.67
Kgs of global per capita PET consumption

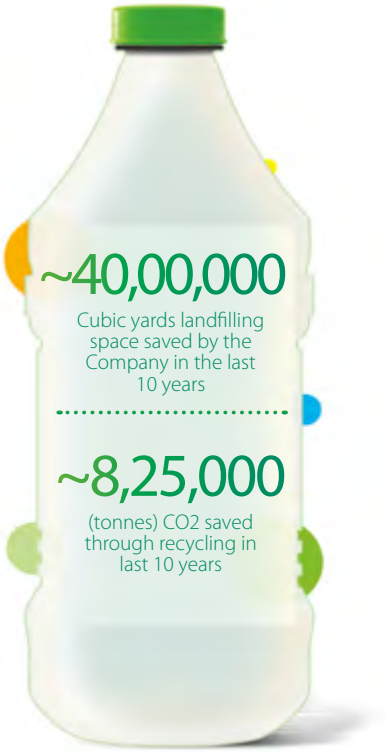
0.55
Kgs of per capita PET consumption in India

With India lagging in per capita PET consumption, it is expected that a marginal rise in consumption will drive significant PET consumption volumes, generating more PET waste for recycling.

Our objective is to leave the world a better place.

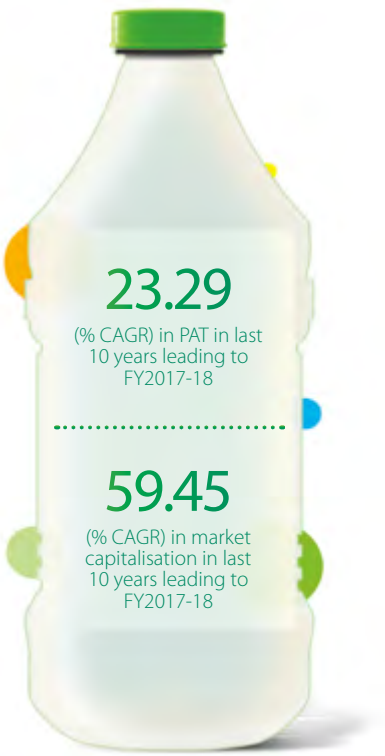


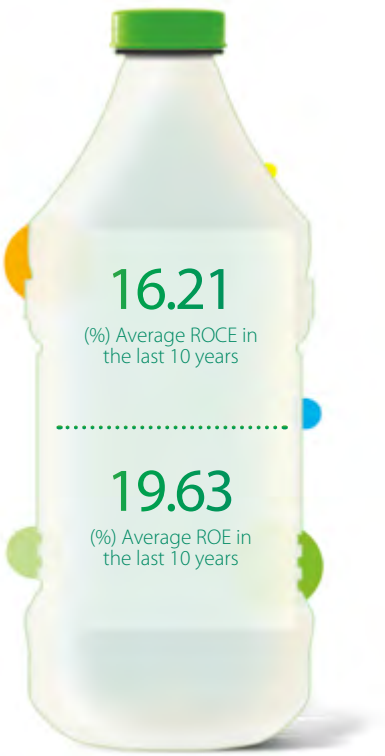




At Ganesha Ecosphere, we are demonstrating that green business is also good business.







Recycle. Responsible. Remunerative.

11 things you need to know about Ganesha Ecosphere Ltd.

▶ Our ethical pedigree

Vision: To become a Global Corporate citizen committed to recycle every PET bottle which is thrown into waste with world-class recycling facilities and to create wealth for our stakeholders through conducting business around social and environmental concerns.

Mission: With an increasing growth and rapid progress in technology, we focus on to give our clients the best we can in terms of recycled products.

Our Mission is -

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

To be the preferred choice of our customers by providing world class customer services.

To maintain high levels of quality in our products through innovative research and technology development in our processes, products and applications.

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

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

Values

Excellence in whatever we do.

Delivering innovative products.

Results through teamwork.

Uncompromising integrity.

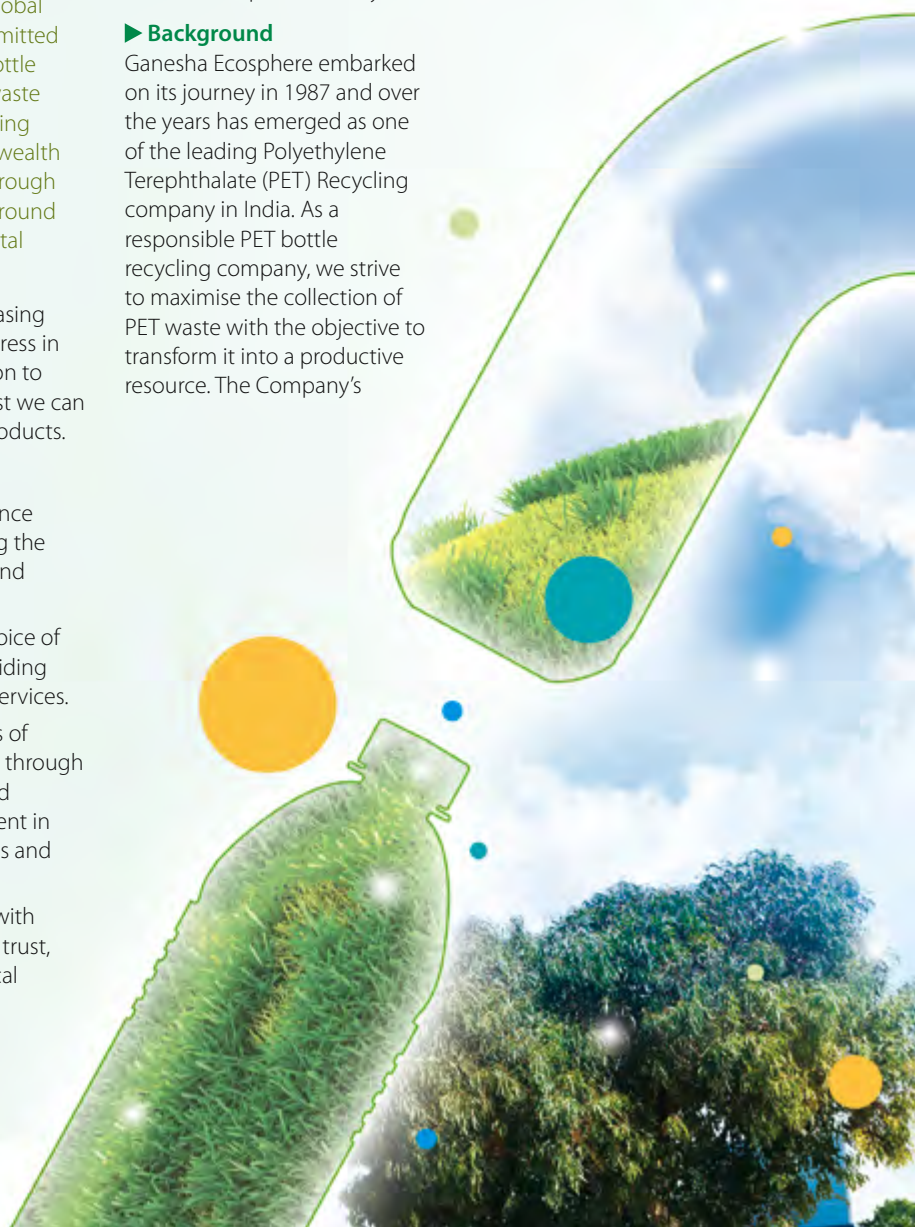
Trust and respect for everyone.

▶ Background

Ganesha Ecosphere embarked on its journey in 1987 and over the years has emerged as one of the leading Polyethylene Terephthalate (PET) Recycling company in India. As a responsible PET bottle recycling company, we strive to maximise the collection of PET waste with the objective to transform it into a productive resource. The Company's products find application in the manufacture of textiles (T-shirts, body warmers etc.), functional textiles (non-woven, air filter fabric, geo textiles, carpets, car upholstery) and fillings (for pillows, duvets and toys), giving waste a useful second innings.

▶ People

The Company has been



promoted and is being presently managed by Mr. Shyam Sunder Sharmma (Chairman-cum-Managing Director) along with a team of competent, technically qualified and experienced professionals.

▶ Location

Headquartered in Kanpur (Uttar Pradesh), Ganesha Ecosphere has manufacturing units in Kanpur (Uttar Pradesh), Rudrapur (Uttarakhand) and Bilaspur (Uttar Pradesh) with a cumulative manufacturing capacity of 1,18,800 tonnes per annum of RPSF and Yarn.

▶ Capacity

The installed capacity comprises 1,08,600 tonnes per annum of RPSF, 7,200 tonnes per annum of RPSY and 3,000 tonnes per annum of Dyed and Texturised/ Twisted Filament Yarn. This installed capacity of RPSF is the largest PET waste recycling capacity in India.

▶ Footprint

Ganesha Ecosphere employed 2,007 individuals and operated through a pan-India network of >400 customers and >200 scrap dealers. The Company's products are exported to more than 10 countries.

▶ Quality assurance

Ganesha Ecosphere focuses on producing quality products. The Company has been certified for ISO 9001:2015, and received the Oeko-Tex Standard 100, Product Class 1 certification from Hohenstein Textile Testing Institute (Germany) testifying that the Company's products address human-ecological requirements established for baby articles.

▶ Environmental compliance

Ganesha Ecosphere complies with stringent norms to protect the environment. The Company's ISO 14001:2015 certification testifies that GESL is completely environment-compliant across processes, practices and products. The Company was granted compliance certificate for Global Recycled Standard (GRS) from the CU Inspections & Certifications India Private Limited.

▶ Safety compliance

Ganesha Ecosphere is OHSAS 18001:2007-certified, stating that the Company is compliant with the occupational health and safety management norms.

▶ Listing

Ganesha Ecosphere is listed on National Stock Exchange (scrip code: GANECOS) and Bombay Stock Exchange (scrip code: 514167). The Company enjoyed a market capitalisation of ₹643.77 crore as on 31st March, 2018.

▶ Ownership

As on 31st March 2018, the promoters held 45.35% and public held 54.65% [comprising institutional holding of 7.72% and non-institutional (including private equity) holding of 46.93%] of the Company's shares.



Recycled polyester staple fibre



Milestones

1987-88
Incorporation and commencement of business.

1989
Creation of dyeing and doubling facilities of 360 TPA.

1991
The Company went public; dyeing capacity expansion to 1080 MT.

1992-93
Creation of texturising capacity of 216 spindles.

1993-94
Rights issue of 34.50 Lakhs shares.

1994-95
Expansion of dyeing capacity to 1150 TPA, texturisng capacity to 432 spindles and creation of recycled PSF capacity of 6000 TPA.

1996-2007
Expansion of dyeing capacity to 1800 TPA and recycled PSF to 10800 TPA. Equity capital expanded to ₹9.37 crore.

2006-07
Set up Rudrapur unit for recycled PSF with a capacity of 7,200 TPA and expanded dyeing capacity to 2,400 TPA.

2007-08
Expanded RPSF capacity to 21,600 TPA at the Rudrapur unit; Revenue crossed ₹100 crore.

Recycled spun yarn



2008-09

Expanded RPSF capacity of Kanpur unit to 18000 TPA.

2009-10

Expanded capacity of Rudrapur unit by 18000 TPA. Designated as 'Star Export House' by Ministry of Commerce & Industry.

2010-11

ICAI award 'Silver Shield' for excellence in financial reporting. IFCI Venture Capital Funds Ltd., under its Green India Venture Fund, subscribed to 1.5 million optionally convertible debentures. Revenue crossed ₹250 crore.

2011-12

Won 'Business Today – Yes Bank Star SME Award' in overall medium category for the year 2011.

2013-14

Enhanced RPSF capacity to 27,000 TPA from 18,000 TPA at Kanpur unit. Commissioned yarn spinning of 25,920 spindles at Bilaspur (Uttar Pradesh).

2014-15

Set up RPSF Capacity of 21,000 TPA at Bilaspur (Uttar Pradesh), taking aggregate RPSF capacity to 87,600 TPA; revenue crossed ₹500 crore.

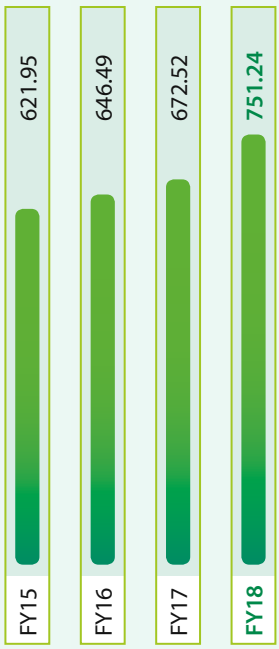
2017-18

Expanded RPSF capacity of Bilaspur unit by 21,000 TPA, taking aggregate RPSF capacity to 108,600 TPA; crossed revenue of ₹750 crore.

Recycle. Responsible. Remunerative.

How we have enhanced shareholder value over the years

Net Sales (₹ crore)



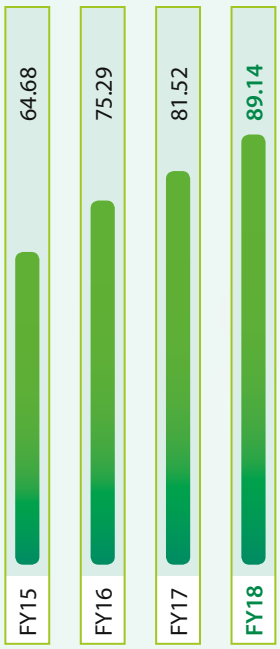
Definition
Growth in sales net of taxes and excise duties.

Why is this measured?
It highlights the product acceptance and reach of the Company in the market.

Value impact
Creates a robust growth engine to build profits.

Performance
Aggregate sales increased by 11.70% to reach ₹751.24 crore in FY2017-18 due to increasing demand for existing products and improved footprint.

EBITDA (₹ crore)



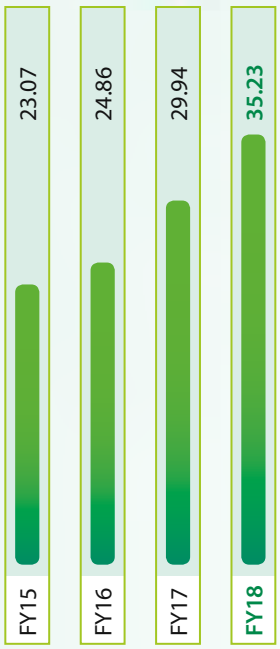
Definition
Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

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.

Value impact
Indicates operational efficiency and adequate buffer in the business.

Performance
The Company reported a 9.35% increase in its EBIDTA in FY18 – an outcome of team engagement in enhancing operational efficiency.

Net profit (₹ crore)



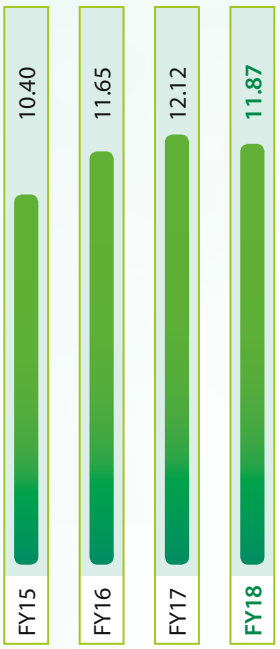
Definition
Profit earned during the year after deducting all expenses, provisions and taxes.

Why is this measured?
This highlights the strength in the business model in generating value for its shareholders.

Value impact
Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to not run out of steam.

Performance
The Company reported a 17.67% increase in its net profit in FY18 over FY17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external challenges.

EBITDA margin (%)



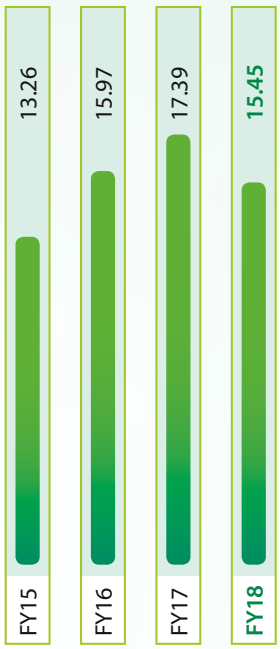
Definition
EBIDTA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, the better for the Company.

Why is this measured?
The EBIDTA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale.

Value impact
Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses.

Performance
Slight decrease in EBIDTA margin in FY 18 while enriching its product basket with superior products and improved operating efficiency amidst challenges during new tax regime.

ROCE (%)



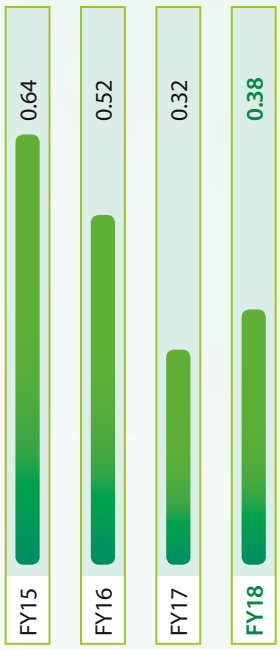
Definition
It is a financial ratio that measures a company's profitability and the efficiency with which its capital is employed in the business.

Why is this measured?
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use - especially in capital-intensive sectors.

Value impact
A showcase of prudently investing every rupee in profitable spaces that generate higher returns for shareholders.

Performance
ROCE declined by 191 bps as earnings from the capital employed in the expanded capacity is yet to come in.

Debt-equity ratio (x)



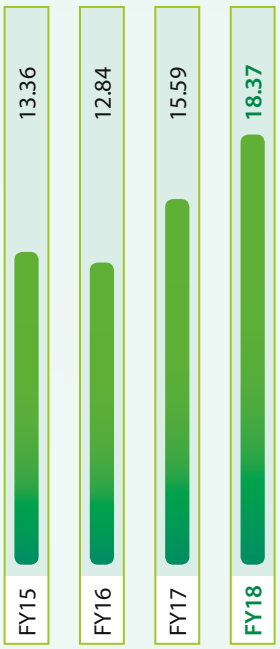
Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why is this measured?
A measure of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers.

Value impact
Yardstick for financial risk management.

Performance
The Company's gearing moderated from 0.64 in FY15 to 0.38 in FY18, depicting the Company's comfortable financial strength.

Earnings per share (₹)



Definition
The portion of company's profit allocated to each shareholder.

Why is this measured?
EPS serves as an indicator of financial health of a company. Increasing EPS accounts for better profitability of the Company per equity share.

Value impact
Enhances shareholder value essentially though a higher market capitalisation.

Performance
The Company strengthened its EPS from ₹13.36 in FY15 to ₹18.37 in FY18.

CHAIRMAN-CUM- MANAGING DIRECTOR'S MESSAGE



This brings me great pleasure to present the performance of Ganesha Ecosphere for 2017-18.

The Company generated income of ₹760.56 crore during FY 2017-18, a growth of 10.47% and profit after tax grew by 17.67%.

Ganesha Ecosphere countered a challenging business environment in 2017-18 in terms of demand slowdown in textile sector owing to GST rollout. Fabric was not subjected to tax in earlier tax system but now it has been brought under GST, which affected the demand. It was temporary disruption, and we feel that GST was much-needed tax reform and it will help, in longer term perspective, in strengthening the economy and in organising the businesses.

The Company not only countered the challenge with increased output, revenue growth and better profitability but also commissioned a new RPSF production line of 21,000 TPA at its Bilaspur Unit reinforcing our RPSF segment leadership and keeping past growth trend intact.

Availability of new production line with latest technical updates will not only help us to produce more, but also broad base our product portfolio and address the demand arising out of different product segments.

While growing our business scale constantly, we have been consistently strengthening our Balance Sheet. Our efforts towards rationalising debt helped in deleveraging the balance sheet on one hand and helped in reporting an improved financial matrix. This, along with a stronger product portfolio, improved servicing capability and enhanced efficiency are helping in posting better returns.

During the year under review, we raised long term debt (net of repayments) of ₹25.50 crore against new capex of over ₹90 crore in the new RPSF capacity with moderate increase in debt-equity ratio from 0.32 in FY 2016-17 to 0.38 in FY 2017-18. Further, the business robustness helped us in corporate re-rating which, in turn, helped us to reduce average cost of debt from 10.40% in FY 2016-17 to 9.80% in FY 2017-18.

Optimism

There are number of reasons that enhance the optimism for our business.

One, the outlook for recycling continues to be sustainable.

From a macro perspective, sustained economic and disposable income growth is driving PET bottle consumption. With the Central Government laying a keen emphasis on recycling, the need and prospects of the organised players in the sector have brightened. Various State Governments, due to increased quantum of plastic waste, showing concern for responsible waste management and insisting for to formalise the pet waste collection mechanism to increase the collection of plastic scrap and diverting the same towards recycling companies. Responsibilities for framing collection mechanism are being directed towards the manufacturers, bulk consumers, brand owners and packagers through extended producer's responsibility (EPR) concept. This will drive not only increase the quantum of plastic scrap collection but also boost the recycling industry.

Two, the implementation of GST starting mid-2017 will generate long-term benefits for our business.





A 25% increase by 2020 in recycled polyester consumption by major textile, apparel and retail companies would…

Prevent 2,868,000,000 bottles being diverted from landfills

Lead to a 35,329,509 kilogram reduction in human toxicity

Save 1,849,464 megajoules in terms of primary energy demand

Reduce 122,823 kilograms in Co2 emissions.

Source: Textile Exchange's Preferred Fiber and Materials 2017

Three, global textile, apparel and retail companies are consuming increased quantities of recycled polyester fibre. In the Textile Exchange Sustainability Conference, 2017, more than 45 textile, apparel and retail companies pledged to increase their use of recycled stuff by more than 25% by 2020, prospectively broadening the market for our Company.

Given this sectoral direction, we believe that Ganesha Ecosphere is attractively placed with rich experience, established raw material pipelines, sizable manufacturing capacities, proven manufacturing technology, strong Balance Sheet, broad product portfolio, consistent customers' profile and widening presence in India and abroad.

Looking ahead

FY 2018-19 promises to be an exciting year in terms of quantum growth owing to full impact of new production capacity as well as emergence of new growth opportunities in terms of optimism spelt out above.

I want to express our gratitude to all our stakeholders – to our customers for their continued trust in our ability to support them and bring value to their business, to our suppliers in helping us to plan our operations as per schedule, to our employees and teams, who represent the foundations of our past, present and future growth and our ability to steer the Company to new heights with dedication, skill and perseverance.

And lastly of course for you, our shareholders, for your unwavering belief in our strategy and judgement. We would also like to thank all local, state and national governments, the concerned bodies, the banks and financial institutions, for their strong support.

With warm regards,

Yours Sincerely,

Shyam Sunder Sharmma

Chairman

Our performance ambition

Goal

To keep the growth trend intact

Demand drivers

- Growing consumption of recycled fibre in the apparel industry
- Increasing consumption of PET packaging materials and thus growing PET scrap availability
- Rising awareness of the benefits of PET recycling

Strategic roadmap

- Expand capacity through greenfield and brownfield initiatives
- Enhance capacity utilisation and material efficiency
- Broaden the product portfolio
- Extend into new business lines related to environment integrity

Financial snapshot, FY2017-18

- Grew revenues by 10.47% y-o-y
- Enhanced net profit by 17.67% y-o-y

Key differentiators

- Focus on enhancing product availability
- Largest recycling polyester staple fibre capacity
- Wider product range
- Longstanding relationships with clients
- More than two decades' industry experience
- Robust Balance Sheet

How Ganesha Ecosphere has transformed over the years

The Company was a modestly scaled business at one time

- The Company commenced business with a production capacity of 360 TPA in 1989
- The Company first ventured into recycling business during 1994-95
- The Company expanded its RPSF capacity from 87,600 TPA to 1,08,600 TPA in FY2017-18

The Company possessed a small product bouquet at one time

- The Company entered business with yarn dyeing and texturising in 1989
- The Company expanded its presence from dyeing/ texturising to RPSF and spun yarns
- The Company has more than 100 products in its portfolio today

The Company was debt-heavy at one time

- The Company witnessed a peak debt-equity ratio of 1.54 in 2008-09
- The Company's debt-equity ratio strengthened from 1.54 in 2008-09 to 0.38 during 2017-18
- The Company's interest cover improved from 1.79x in FY2008-09 to 4.71x during FY2017-18

The Company was a single-location entity until 2005-06

- The Company commenced business with a single manufacturing facility in Kanpur in 1989-90
- The Company commissioned its Rudrapur facility in 2006-07
- The Company commissioned its Bilaspur facility in 2013-14

GANESHA ECOSPHERE'S INTEGRATED REPORT

STRATEGIC FOCUS	Innovate and Excel	Supplier of Choice	Robust People Practices	Responsible Corporate Citizenship	Focus on Value Creation
KEY ENABLERS	Nurturing a culture of product innovation and excellence, reflected in the launch of differentiated products on the hand and commissioning of state-of-the-art integrated facility in other. Use of cutting-edge technologies and sizable capacity expansion provided an edge over sectoral peers. The Company's RPSF and yarn including spun yarn capacity in 2017-18 was 1,18,800 TPA compared to 97,800 TPA in 2016-17.	GESL differentiated from sectoral peers by reinforcing its leadership position in the recycled polyester staple sector (nearest competitor about 50% of its capacity).	GESL employs 2007 employees, a pan-Indian network of >400 happy clients. The Company's focus has been on building a robust business model marked by a safety culture. The Company has focused on managing talent through Learning & Development initiatives for employees and ethical engagement with retailers and distributors.	GESL is a responsible corporate citizen engaged in education, healthcare and hunger management. The Company invested ₹73.08 Lakhs in CSR in 2017-18.	GESL addresses the growing needs of consumers in the price-sensitive and premium segment through the launch of products that deliver superior value or the discovery of new price points, enhancing consumer value.
MATERIAL ISSUES / ADDRESSED	Technology, capacity, product differentiation	Competition, credibility	A safety culture, talent management	Society, education and healthcare	Consumer needs
CAPITALS IMPACTED	Manufactured, intellectual, financial	Intellectual, manufactured, social and relationship	Intellectual, human	Social and relationship	Intellectual, manufactured, social and relationship

How we enhanced value during 2017-18

Our resources

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, capital or accruals.

Manufactured capital
Our manufacturing assets, technologies and equipment for production constitute our manufactured capital. The logistics for the transfer of raw materials and finished products are integral to our manufacturing competence.

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

Intellectual capital
Our focus on cost optimisation and operational excellence, as well as our repository of proprietary knowledge account for our intellectual resources.

Natural capital
We depend on raw materials sourced from scrap (secondary source) indicating a positive impact on the natural environment.

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

Value created

Financial capital
751.24
Turnover (₹ cr)

18.37
Earnings per share (₹)

15.45
ROCE (%)

Manufacturing capital
4.92
(bn) Number of PET bottles recycled

92,267
production TPA

315.85
Property, plant and equipment (net) (₹ crore)

Human capital
2007
Number of employees

44.51
Total remuneration (₹ crore)

Social and relationship capital
200
Number of vendors

400+
Happy clients across the country

Natural capital
4.92
Bottles diverted from landfills (bn)

132,000
Reduction in carbon emissions (tonnes)

650,000
Saving in landfill space (cubic yards)

Value shared with

Investors
The Company enriched investors through dividends and capital appreciation

Suppliers
The Company sourced ₹488.98 cr of materials from suppliers

Employees
The Company provided remuneration worth ₹44.51 cr and provided stable employment

Customers
The Company provided more than 79,000 tonnes of RPSF to customers

Distributors and suppliers
The Company enhanced value for distributors and retailers through sustained resource offtake.


Ganesha Ecosphere's manufacturing process
Raw material storage yard
Input raw material - Used pet bottles in compressed state
Sorting & Washing
Sorting bottles to remove non-PET material. Shreding PET bottles to convert into flakes
Dryer section
Vaccum drying in the dryer to remove the moisture from the flakes
Spinning, winding and CAN collection
Heating, melting and extruding to form filament
Fiber line
Drying, spinning, finishing, crimping, cutting for final fibre
Storage & Dispatch
Fibre bales & loading of trucks

Recycle

Collect discarded PET waste (bottles, containers etc.) for recycling

Robust collection network of 200+ suppliers/ vendors, spread throughout the country.

Arrangements with bottling companies for the collection and recycling of their product waste.

PET waste sourced through rag picker chain, crushed and baled by suppliers/vendors and shipped to our factories.

Collection network provides about 250 tonnes of PET waste daily to three factories.

Suppliers / vendors supply directly to factories in bale or chip form.

~250

tonnes of PET waste recycled daily



Responsible

Responsible and ethical business conduct

Waste sorted for colour; non-PET waste removed, cleaned, chipped to small flakes, converted into RPSF through high speed extruders in a non-chemical process.

No pollutant chemicals used; environment-friendly recycling process.

High-end drawing and crimping machines manufacture quality fibre (comparable to virgin).

Dyeing capability for widest colour palette for fibre and yarn production.

~650,000

cubic yard of landfilling space saved every year

>58 Lakhs

hours of employment generated annually



Remunerative

Growing business driving value for stakeholders

Produced 81,000 tonnes of recycled PSF in 2017-18, grew RPSF capacity by 63% in the last five years.

Market capitalisation grew 59.45% CAGR in the last 10 years.

Book Value per share grew from ₹66.46 in FY13 to ₹137 in FY18.

Paid dividend of ₹13.83 crore during last five years.

A debt-equity ratio of 0.38x as at 31st March, 2018, reinforcing Balance Sheet robustness.

15.45
ROCE (%), FY18

0.38
Debt-equity ratio, FY18

837
Enterprise value (₹ crore) as on 31st March, 2018

Our business model



Sectoral context

Economic growth: With growing per capita income and increased economic activities, India is set to grow at a rate in excess of 7% in the coming years, making it one of the fastest-growing economies in the world. This is expected to drive consumption in the country and subsequently drive consumption of PET packaging products and drive demand for RPSF application products.

Demographics: India is likely to emerge as the youngest country by 2020, with two-third of its population comprising people under 35 years. Higher young and working population is driving consumption.

Higher adoption of recycled fibre: Global textile and retail brands are focusing more on using higher proportion of recycled polyester fibre in their products, driving demand for the fibre.

Government initiatives: With the government putting more focus on plastic waste management, availability of PET packaging for recycling is growing up, resulting in a better availability of PET waste for recycling through the organised route.

Our business strategy

Foresight: Though PET recycling is gaining importance in the recent past, GESL ventured in the business more than two decades back and emerged as the country's largest PET waste recycler, producing recycled polyester staple fibre.

Quality: GESL's edge lies in consistently delivering superior quality. The Company is ISO 9001:2015 - certified, ensuring conformance with superior quality norms. Besides, the Company has international certifications like Global Recycle Standard (The Control Union Certification) and 'Oeko-Tex Standard 100, Product Class 1' by The Hohenstein Textile Testing Institute.

Value-addition: In the competitive business of PET waste recycling, value-addition differentiates a company from its sectoral peers and gives it an edge. GESL's R&D team strives to produce a versatile product range to cater to the specific needs of consumers leading to a higher bonding with customers. The Company successfully commercialised various products in the last five years. Value-addition of over ₹250 crore on raw material during FY2017-18.

Presence: The prime focus in the competitive business of PET waste management lies in penetrating raw material pockets and customer markets. GESL emerged as the largest PET waste recycling company in India - through 2,007 employees and 400+ customers.

Differentiation: The Company pioneered the manufacture of recycled staple fibre (RPSF) and yarn, supplying within India and to more than 10 countries.



Infrastructure

Scale: In the competitive business of PET waste management, the demand for RPSF has consistently increased. Following the expansion in RPSF capacity by 21,000 MTPA in 2017-18, GESL continues to be the largest RPSF manufacturer in India, strengthening offtake. Increased scale strengthened bargaining power with suppliers and customers, enhancing profits.

Network: In the competitive business of PET waste recycling, GESL widened its collection network, mobilising nearly 250 tonnes of PET waste per day, translating into adequate raw material availability to feed production lines.

Portfolio: In the competitive business of PET waste recycling, GESL reinforced its competitive advantage by widening its product portfolio across diverse applications (fibrefill, spinning industry, automobile industry, geo-textiles, medical and packaging, paper, textiles and various other non-woven sectors). With customised products, the Company is strengthening its customer engagement.

Technologies: The Company invested in cutting-edge manufacturing technologies with a dual objective: reduce costs and enhance capacity utilisation.

Financial discipline: A strong Balance Sheet reflects competitiveness and it reflected comfortable interest coverage of 4.71 times in FY2018. GESL's liquidity profile continued to be comfortable. Though there was an increase in the average utilisation of fund-based limits to 70% in FY2018 (~52% in FY2017), this was on account of increased scale as well as a temporary GST impact that enhanced inventory. Nevertheless, the availability of adequate undrawn working-capital limits as well as sufficient accruals ensured comfortable liquidity.

Tangible results: The Company's return on capital employed strengthened from 13.26% in 2014-15 to 15.45% in 2017-18. The revenues grew from ₹621.95 crore in 2014-15 to ₹751.24 crore in 2017-18. The Company enhanced earnings per share from ₹13.36 in 2014-15 to ₹18.37 in 2017-18.

Management Discussion and Analysis



Global economic overview

In 2017, a decade after the global economy weakened, a revival became visible. Every major economy expanded: marked by Euro-zone growth, modest growth in Japan, late revival in China and improving realities in Russia and Brazil leading to an estimated 3.8% global economic growth in 2017, some 60 bps higher than the previous year.

A review of the various national economies is provided below:

The US: The world's largest economy entered its ninth straight year of growth in 2017 (2.3% compared to 1.6% in 2016).

Euro zone: This region experienced the upside arising out of cheap money provided by the central bank. In 2017, Euro zone is estimated to grow by 2.4% compared with 1.8% in 2016.

China: The Chinese economy grew faster than expected in the fourth quarter (October to December) of 2017 at 6.8%, aided by a recovery in exports. This helped China celebrate its first annual growth in seven years (estimated at 6.9%, the highest since 2010). (Source: WEO, NBS data)

Emerging Asia: The GDP of emerging Asia is estimated at 6.5% in 2017, driven by infrastructure spending and stable economies.

GCC: The GCC countries were affected by the oil price decline (~60% since 2013), resulting in macro-economic instability that affected job creation and growth (growth subdued at 1.8% in 2017).

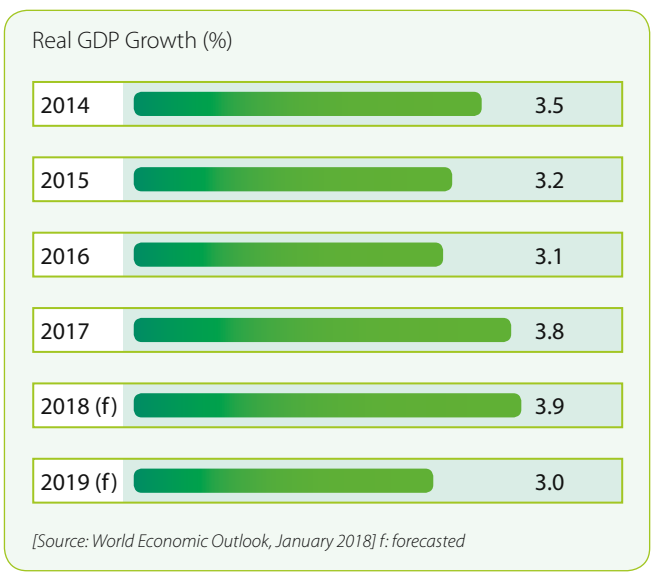
Russia: The economy appeared to have completed a two-year recession that proved shorter than previous downturns. In 2017, Russia was estimated to grow by 1.9% following negative growth of 0.6% in 2016 (WEO).

Brazil: In 2017, Brazil grew at 1.1% following a deceleration of 3.5% in 2016, the recovery boosted by the agricultural sector which grew by 13%.

Outlook

The outlook for advanced economies improved, notably for the Euro area, but in many countries inflation remained weak, indicating that the slack was yet to be eliminated and prospects for growth in GDP per capita were held back by weak productivity growth and rising old-age dependency ratios. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting improved momentum and impact of tax policy changes in the US. (Source: WEO, IMF)

Global economic growth for 6 years



[Source: World Economic Outlook, January 2018] f: forecasted

Indian economic overview

After registering GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for slower growth estimated at 6.7% in 2017-18. The year under review was marked by various structural reforms by the Government. In addition to GST introduction, the year witnessed significant resolution of problems associated with bank non-performing assets, FDI liberalisation, bank recapitalisation and privatisation of coal mines.

(Source: ET, the hindu centre)

Outlook

World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and services are expected to continue to support economic activity. Private investment is expected to revive as soon as the corporate sector adjusts to the GST.

Estimation for the FY2017-18 Vs. FY 2016-17

	2017-18	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3.0%	9.0%
Manufacturing growth	5.1%	9.3%
Power and Gas growth	7.3%	6.5%
Mining growth	3.0%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, Defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

(Source: Press Information Bureau)

Global PET industry

Polyethylene Terephthalate commonly known as PET is the most used polymer in the world. It is a naturally transparent and semi-crystalline plastic used widely for products used in people's day-to-day life. PET polymer is better termed as "Polyester" in the textile industry. It is widely used as a fiber for clothing as it is an excellent moisture barrier and also used for bottling and packaging on large scale.

The major share of PET plastic produced, comprises synthetic fiber (up to 60%) and the remaining is majorly used for bottle production of the total global demand.

The amorphous polyethylene terephthalate (APET) market was pegged at US$ 28.86 billion in 2017 compared to US$ 25.11 billion in 2016, registering a year-on-year growth of almost 15%. The growth of the APET market is marked by increasing demand for packaging materials manufactured from polyethylene terephthalate from the food & beverages industry. Moreover, the increasing purchasing power of consumers, changing lifestyle and food habits of the masses and growing popularity of ready-to-eat food items across the globe are also fueling the growth of the APET market. The market is projected to reach US$ 40.85 billion by 2022, at a CAGR of 7.2% between 2017 to 2022.

(Source: https://www.marketsandmarkets.com/PressReleases/amorphous-polyethylene-terephthalate.asp)

Indian PET industry

As per the TechSci Research report, "India PET Resins Market Study, 2011 – 2025", the market of PET resins in India is anticipated to cross US$9.1 billion by 2025. India is one of the fastest growing markets for PET resins in the world. Robust growth in packaging sector, rapid industrialisation and growing urbanisation are the major factors driving the country's PET resins market. Furthermore, emerging economy, new capacity additions and increasing consumption of packaged food and beverages driven by growing disposable income are expected to aid the Indian market of PET resins during 2016-2025. With the government driving the 'Make in India' initiative, the country has emerged as one of the key producers in the world.

Indian recycled PET industry

As stated in a report by the country's National Chemical Laboratory, nearly 70% of polyethylene terephthalate bottles are recycled in India, and the market is pegged at ₹35 billion (US$ 530+ million) per year.

Some 900,000 tonnes of polyethylene terephthalate (PET) is produced annually in India, 65% of which is recycled at registered facilities. 15% of recycling activity takes place within the country's unorganised sector while approximately 10% of PET is reused at homes.

The country's PET industry is expected to grow at a handsome rate, owing to the increasing demand of rapidly expanding consumer goods packaging and bottling industry.

(Source: www.recyclinginternational.com)

Global fibre market

The world fibre market is pegged at 103 million tonnes in 2017, which accounts for an expansion of ~4% year-on-year from 2016 which stood at 99 million tonnes. The demand for the same was marked by a decent acceleration in 2017-18, as compared to the previous 4 consecutive years. Natural fibres flaunted a year-on-year growth of 3% which was the fastest pace in eight years. The cellulosic business gained 3% in volume and synthetic fibres rebounded more than 4%.

The market for wood-based fibres expanded by 5-6% year-on-year. Demand for wood-based cellulosic fibres, which remained at a high level, was encouraging. Production increased only slightly by 2.9% to around 6.6 million tonnes due to some capacity shut downs in Asia. Owing to the good economic condition and the positive mega-trends, demand for fibres is expected to remain stable in 2018.

The synthetic fibre production also increased in 2017 and was pegged at 64.9 million tonnes reflecting a year-on-year growth of 4.2% which was stronger than the previous two years. Polyester fibre prices even increased substantially, a further indication of the overall robust market situation in 2017.

(Soucre: Lenzing investments, The fibre year)

Indian fibre market

India is the second largest manufacturer of textiles and garments across the world. The country's textile and apparel industry can be broadly divided into two categories – fibre & yarn and processed fabrics and apparel. India accounts for 14% of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms). The domestic textile industry in India was pegged at US$ 150 billion in 2017-18 and is estimated to reach US$ 250 billion by 2019.

In the Man-Made Fibre (MMF) segment, India is the second largest manufacturer after China. The Indian domestic market saw a slight downfall in the production of man-made fibres in 2017-18. The MMF market in India was pegged at 1.319 million tonnes in 2017-18 compared to 1.364 million tonnes in 2016-17.

(Source: IBEF)

Recycled fibre

At less than four million metric tonnes, recycled polyester (which is the key fiber in preferred synthetics) makes up for an estimated seven per cent of polyester fiber produced — these fibers are largely used in carpets, blankets, clothing and other textile applications.

Government initiatives, increased awareness, relatively low production cost and increase in polyester uptake has seen a surge in recycled polyester growth — which is expected to continue — with China, India, Japan and the US projected to account for the highest production.

(Source: Textile Exchange)

Apparel brands pledge to use 25% more recycled polyester by 2020

The Textile Exchange Sustainability Conference 2017 saw more than 45 textile, apparel and retail companies pledged to commit or support an increase in their use of recycled polyester by at least 25% by 2020.

Growth drivers

High demand of recycled PET bottles: Billions of non-biodegradable bottles are thrown away every year without any attempt at recycling. In view of this, the manufacture of recycled yarns out of PET bottles has emerged as a game changer. The demand for high quality, 100% recycled yarns made from 100% post-consumer PET waste is high and is expected to grow.

Rising incomes: In the last decade, Indian economy has progressed rapidly. Correspondingly, India's per capita GDP has increased from ₹71,607 in FY12 to ₹117,406 in FY17 at a CAGR of 10.4% fuelling a consumption boom in the country. Correspondingly, the per capita personal disposable income surged from ₹73,476 in FY12 to ₹119,296 in FY17 at a CAGR of 10.2%. Also, the per capita private final consumption expenditure too rose from ₹40,250 in FY12 to ₹68,049 in FY17 at a CAGR of 11.1%. The growth in the country's per capita GDP in turn has increased the disposable income of the populace ultimately driving consumption. (Source: CARE)

Recycled apparel demand: A number of international brands are increasingly using recycled PSF in the apparel manufacturing industry, thereby generating a growing demand. The use of such recycled PSF is also a trend that the fashion industry is following nowadays. Hence, recycled apparels are the need of the hour and are in high demand.

Smart Cities Mission: Under 'Smart Cities Mission' the Government has allocated ₹2.04 Lakh crore for the development of 100 smart cities. Project worth ₹2,350 crore has already been completed, while ₹20,852 crore-worth projects are in progress. Any smart city would need core infrastructure elements, including proper waste management which is expected to create opportunity for the industry. (Source: Indian real estate sector annual handbook)

Man-made fibre: Over past few years, man-made fibre made from recycled PET bottles and other waste material has been gaining strength. This has created opportunity for RPSF driven by durability, versatility of end usage and lower price as compared to cotton and other substitute fibres, natural or man-made.

Virgin	Recycled
Moisture regain values of virgin polyester of 150 denier is 0.040%	Moisture regain values of recycled polyester of 150 denier is 0.045%
Bending length results of virgin polyester fabric of 150 denier is 2.75	Bending length results of virgin polyester fabric of 150 denier is 2.1
Abrasion resistance: 1-7.83%	Abrasion resistance: 1-1.16%
Tenacity: 23.55	Tenacity: 20.24
Tearing strength of 150 denier:- Wrap: 2986.6 Weft: 3408.6	Tearing strength of 150 denier:- Wrap: 2858.6 Weft: 2986.6

Energy needed to make the RPET is less than what was needed to make the virgin polyester.

The water used in recycled polyester production is only a fraction of what is required in cotton growing. Water is not an input in the recycling process. It is mainly used to clean the shredded pieces of plastic and to remove the dirt and debris.

Recycled polyester is soft and durable. It is wrinkle, shrink and stain resistant. Its benefits include:

- less soil, water and air contamination;
- less dependence on oil used in the production of original polyester;
- millions of plastic bottles saved from the landfill daily and less emissions from incinerators.

Producing recycled polyester is dramatically better for the climate, creating 75% less CO2 emissions than virgin polyester. That's because recycled polyester doesn't require new petroleum to create, lowering the demand for new petroleum extraction and reducing our overall carbon footprint. And by providing a use for post-consumer and post-industrial polyester, it helps keep waste out of landfills.

Also, polyester accounts for approximately 60% of the world's production of PET, which is about twice of what is used in plastic bottles.Thus, the development of a non-virgin supply chain for polyester fiber has the potential to massively impact global energy and resource requirements.

Risk management

01 Industry risk

Drop in demand from the end-user segments could adversely impact the Company's offtake.

Mitigation: Growing demand for consumer goods and various governmental initiatives such as 'Make in India' among others are expected to boost synthetic fibre demand in the domestic market. The textile and apparel industry in India was pegged at US$ 150 billion in 2017-18 and is expected to reach US$ 250 billion by 2019.

02 Raw material risk

Inability to procure adequate raw material could impact the seamlessness of the Company's operations.

Mitigation: GESL has an extensive network of collection centres and scrap dealers across the country. The Company is focusing on the collection of PET waste from various hotels, malls, airports. Owing to the growing outreach in 2017-18, the Company processed more than 4.92 billion PET bottles, which helped the Company achieve a capacity utilisation of 89%. Regulatory support like Plastic Waste Management Rules, 2016 will also boost collection rate of plastic waste including PET bottle scrap.

03 Capacity expansion risk

The Company may not be able to sell the production from additional capacity.

Mitigation: With expanded capacity, the Company now has one more production line to service its customers quickly and as per their needs. Even with the expanded capacity, the Company could maintain an average utilisation of 89%, reflecting strong demand of its products.

04 Competition risk

Growing competition could have an adverse bearing on the Company's profitability.

Mitigation: GESL possesses one of the largest capacities for PET recycling in India, which helps it to reap the benefits stemming from economies-of-scale. The Company has a huge outreach across the country and has differentiated itself by capitalising on the advantage of its pan-Indian presence and the proximity to industrial hubs, which in turn acted as an entry barrier to the new players of the sector.

05 Currency fluctuation risk

Adverse currency fluctuation could impact profitability of the Company.

Mitigation: Besides having natural hedge in case of imports and exports, the Company is having continuous watch on foreign currency borrowings through cautious hedging policies.

06 Funding risk

The Company may not be able to fund its growing business and expansion needs in a cost-effective manner.

Mitigation: The Company's moderate debt-equity ratio of 0.38 in 2017-18 gives the Company liberty to take on additional borrowings. The Company's interest cover stood at a robust 4.71x as on 31st March 2018, reflecting the Company's ability to efficiently service debt. Timely repayments of debts and a moderate gearing helped raising additional debt in a cost-effective manner. The Company is also having adequate cash generation and is having access to capital market to fund its growth plan.

07 Quality risk

Main input being PET bottle scrap, contamination levels may affect the quality of final products.

Mitigation: The Company is driven towards enhancing its operational efficiency with cutting-edge technology across its manufacturing facilities. The Company also strives to produce quality ensured products and is in compliance with ISO 9001:2015 which assures quality management system. Furthermore, its competent workforce ensures high capacity utilisation levels with optimal production and reduced wastage. This enables the Company to produce products of high quality, fostering strong customer relationships.

Finance review

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. These financial statements for financial year 2017-18 are the first financial statements with comparatives prepared by the Company in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of Companies (Accounts) Rules, 2014.

Key performance metrics

Parameters	2016-17	2017-18	Growth (%)
Revenue from operations (₹ crore)	685.95	757.55	10.44
EBIDTA (₹ crore)	81.52	89.14	9.35
PAT (₹ crore)	29.94	35.23	17.67
Earnings per share (₹)	15.59	18.37	17.83

Analysis of the profit and loss statement

Revenues: Total revenues of the Company reported a 10.44% growth from ₹685.95 crore in 2016-17 to ₹757.55 crore in 2017-18. The growth was primarily driven by growth in volumes owing to higher capacity. The other income of the Company reported 32.90% growth, largely driven by growth in government grants. Other income accounted for only 0.40% of the Company's revenue reflecting the Company's dependence on core business operations. Other income as a proportion of net profit stood at 8.52% in 2017-18 against 7.54% in 2016-17, reflecting Company's profitability is skewed towards its core business.

Expenses: Total expenses of the Company increased 9.98% from ₹642.35 crore in 2016-17 to ₹706.47 crore largely on account of increase in cost of raw material consumed, growth in employee cost and increase in other expenses. Raw material cost, comprising 65.08% of the Company's sales in 2017-18 (63.3% in 2016-17), increased 13.61% from ₹430.41 crore in 2016-17 to ₹488.98 crore in 2017-18 owing to increase in the operations of the Company as well as higher input prices. Employees' expenses, comprising 5.85% of the total revenues, increased 4.38% from ₹42.64 crore in 2016-17 to ₹44.51 crore in 2017-18 owing to increased employee base as well as yearly revision in remuneration of the employees.
Other expenses have been increased owing to increase in freight and forwarding charges on higher volumes, allowances for doubtful trade receivables and advances as well as loss on sale/discard of property, plant and equipment.

Analysis of the Balance Sheet

Sources of funds

Capital employed: The capital employed of the Company increased 25.76% from ₹366.32 crore as on 31st March 2017 to ₹460.67 crore as on 31st March 2018 owing to increase in net worth as well as borrowings taken for the expansion project. Return on capital employed, a measurement of returns derived from every rupee invested in the business decreased 194 basis points from 17.39% in 2016-17 to 15.45% in 2017-18 due to deployment of funds for expansion project, the operation for which started in February 2018 only.

The net worth of the Company increased 14.22% from ₹230.09 crore as on 31st March 2017 to ₹262.83 crore as on 31st March 2018 owing to increase in profits. The Company's equity share capital comprising 19,176,877 Equity Shares of ₹10/- each, remained unchanged during the year under review.

Long-term debt: Long-term debt of the Company increased 126.76% from ₹36.65 crore as on 31st March 2017 owing to capital investments in expanded capacity. Long-term debt-equity ratio of the Company stood at 0.38 in 2017-18 compared to 0.32 in 2016-17, reflecting use of leverage to meet the operational demand.

Finance cost: Finance cost of the Company decreased 2% from ₹14.87 crore in 2016-17 to ₹14.57 crore in 2017-18 due to scheduled repayment of loans and capitalisation of finance cost on new loans taken for expansion project. The Company's interest cover stood at a comfortable 4.71x in 2017-18 (4.11x in 2016-17), reflecting the comfort in servicing interest by the Company.

Applications of funds

Property, plant and equipment (gross) of the Company increased 26.09% from ₹356.28 crore as on 31st March 2017 to ₹449.24 crore as on 31st March 2018 largely owing to capacity expansion. Depreciation on tangible assets declined 0.24% from ₹20.53 crore in 2016-17 to ₹20.48 crore in 2017-18.

Working capital management

- Current assets of the Company increased 38.53% from ₹168.75 crore as on 31st March 2017 to ₹233.78 crore as on 31st March 2018 owing to growing business scale of the Company and impact of GST.
- Inventories including raw materials, work in progress and finished goods among others increased 44.37% from ₹92.25 crore as on 31st March 2017 to ₹133.18 crore as on 31st March 2018. Inventory turnover days stood at 62 days of turnover equivalent in 2017-18 from 50 days of turnover equivalent in 2016-17.

- Growing business volumes resulted in an increase of 40.25% in trade receivables from ₹56.05 crore as on 31st March 2017 to ₹78.61 crore as on 31st March 2018. The Company contained average debtor turnover cycle within 24 days of turnover equivalent in 2017-18 against 28 days in 2016-17.
- Cash and bank balances (including cash equivalent) of the Company declined 55.46% from ₹10.62 crore as on 31st March 2017 to ₹4.73 crore as on 31st March 2018.
- Loans and advances made by the Company declined 27.57% from ₹3.99 crore as on 31st March 2017 to ₹2.89 crore on account of repayment of loans and advances.

Margins

A strong cost control helped the Company in reporting better margins during the year under review. The EBIDTA margin of the Company declined 25 basis points from 12.12% in 2016-17 to 11.87% while the net profit margin of the Company improved 24 basis points.

Key performance ratios

Parameters	2016-17	2017-18
Debt-equity ratio (x)	0.32	0.38
ROCE (%) on average capital employed	17.39	15.45
ROE (%) on average net worth	13.90	14.29
Net working capital cycle (days)	47	51
Debtor turnover cycle (days)	28	24
Inventory turnover cycle (days)	50	62
Interest cover (x)	4.11	4.71

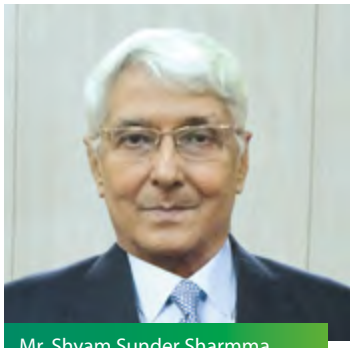
Human resources

The Company provides competitive compensation, amiable work environment and acknowledges employee performance through a planned reward and recognition programme. The Company believes in evolving its organisational structure consistently while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed towards imparting continuous training to improve the work practices. The Company encourages individuals to extend beyond their scope of work and undertake voluntary projects that enable them to learn and contribute innovative ideas.

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.

Board of Directors



Mr. Shyam Sunder Sharmma
Chairman-cum-Managing Director

Mr. Shyam Sunder Sharmma, founder of the Company, aged 75 years, is a post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 54 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. He is responsible for looking into the overall management, strategic planning and development of the Company.



Mr. Vishnu Dutt Khandelwal
Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged 69 years, is post-graduate in commerce and his area of expertise includes marketing and financial management. He possesses a rich experience of over 45 years in textile yarn trading.

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



Mr. Sharad Sharma
Joint Managing Director

Mr. Sharad Sharma, aged 52 years, is a commerce graduate and having more than 31 years experience in marketing and distribution.

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



Mr. Rajesh Sharma
Executive Director

Mr. Rajesh Sharma, aged 52 years, is a commerce graduate and has rich experience spanning over 28 years in plant administration and operations.

He is associated with the Company since inception and was appointed as an Executive Director of the Company in 2008. He is responsible for looking after the administration and operations of the Company's Rudrapur and Bilaspur units.



Mr. Gopal Singh Shekhavat
Director (Administration)

Mr. Gopal Singh Shekhavat, aged 65 years, is a bachelor in arts. He has rich experience of more than 46 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 46 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 8th September, 2016



Mr. Vishwa Nath Chandak
Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged 81 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 64 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 74 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 50 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 60 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 53 years, is a mechanical engineer and a postgraduate in management from Indian Institute of Management (IIM), Bangalore. He has rich experience of more than 27 years in all aspects of financial services including banking, consulting, insurance, investments, advisory etc. and had worked with HSBC for more than 11 years.

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



Mr. Narayanan Subramaniam
Non-Executive Independent Director

Mr. Narayanan Subramaniam, aged 57 years, is a graduate from Indian Institute of Management, Ahmedabad (IIMA), Chartered Accountant, Cost & Management Accountant and Company Secretary. He has rich experience in funding start-ups as well as Control transactions in listed entities. He has served on the Board of several companies with distinction. He is also the Founder Chairman of the Venture Capital Association of India (VCAI).

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

STATUTORY SECTION



DIRECTORS' REPORT



TO
THE MEMBERS OF
GANESHA ECOSPHERE LTD.

Your Directors have pleasure in presenting the Twenty Ninth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

The summarised financial results of the Company for the year ended 31st March, 2018 as compared to the preceding year are as under:

(₹ in Lakhs)

	Current Year (2017-18)	Previous Year (2016-17) *
Total Income	76,055.70	68,849.09
Profit before Finance Costs, Depreciation and Amortization Expense	8,914.24	8,153.74
Less: Finance Costs	1,457.25	1,487.74
Less: Depreciation & Amortization Expense	2,048.37	2,052.76
Profit before Tax	**5,408.62**	**4,613.24**
Tax Expense	(1,885.54)	(1,630.59)
Profit after Tax	**3,523.08**	**2,982.65**
Add: Other Comprehensive Income	18.22	2.21
Total Comprehensive Income	**3,541.30**	**2,984.86**

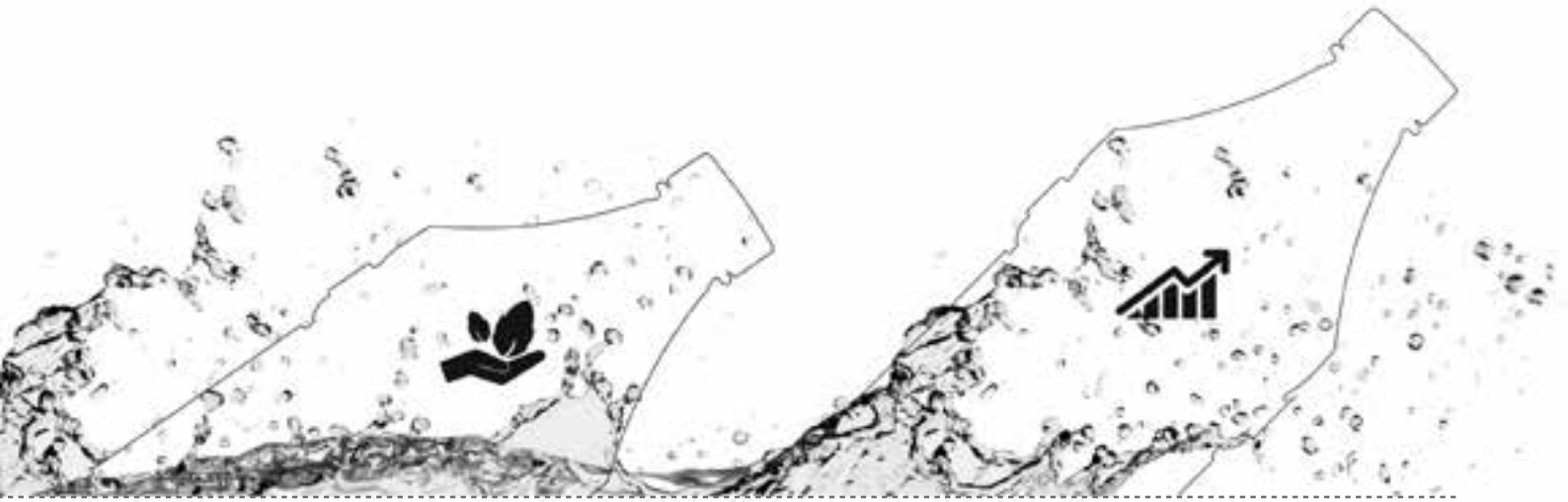
*Figures are re-stated as per Ind AS.

FINANCIAL AND OPERATIONAL PERFORMANCE

Your Company has prepared the Financial Statements for the year ended 31st March, 2018 for the first time in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. Previous year figures have been regrouped/re-classified wherever necessary and have been re-stated as per Ind AS.

We are pleased to inform you that your Company posted a growth of 10.39%, in revenue from operations of ₹75,755.27 Lakh, during the year under review, as compared to ₹68,623.03 Lakh in the previous year. The Company achieved Earnings before Depreciation, Interest and Taxation (EBITDA) of ₹8914.24 Lakh in financial year 2017-18 against ₹8,153.74 Lakh in financial year 2016-17, thereby registering a growth of 9.33% on year to year basis. During the year under review, the Net Profit of the Company is improved by 18.12% at ₹3,523.08 Lakh as against ₹2982.65 Lakh in previous year due to growth in volumes and cost consciousness.

During the year, the business landscape witnessed a historical tax reform in indirect taxation, causing initial disruption. The Goods and Services Tax (GST) regime has since then stabilized. The recent



rationalization in GST rates is expected to trigger positive sentiments amongst consumers and we are optimistic about growth opportunities it may bring.

Despite rising commodity prices and high GST rates, Ganesha continued to reinforce its market position and product portfolio. Your directors are pleased to report that Company's additional production line at Temra has commenced commercial production of RPSF with an installed capacity of 21,000 TPA, w.e.f. 1st February, 2018 and full effect thereof will be reflected in the working of current financial year. With commissioning of the project, the consolidated RPSF capacity of the Company has reached at 1,08,600 TPA.

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

DIVIDEND

Your Directors are pleased to recommend for approval of the members, a dividend of ₹1.50 per share (i.e. @ 15%) on Equity Shares of ₹10/- each of the Company, involving cash outflow of ₹394.75 Lakh (inclusive of Dividend Distribution Tax of ₹67.31 Lakh) for the financial year 2017-18.

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, final dividend for the financial year 2009-10 amounting to ₹463,852/- being unclaimed for more than 7 years from the date it was lying in the unpaid dividend account, had been transferred by the Company to the Investors Education and Protection Fund (IEPF) of the Central Government.

SHARE CAPITAL

During the current year, your Company had made an allotment of 26,52,520 Equity Shares of face value of ₹10/- each at a price of ₹377/- per share (including premium of ₹367/- per share) aggregating to approx. ₹10,000 Lakh to eligible Qualified Institutional Buyers in accordance with Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The proceeds of the aforesaid issue are being utilized in accordance with the objects stated in the offer document.

With the aforesaid allotment of Equity Shares, the total Paid-up Equity Share Capital of the Company stood increased from ₹1,917.69 Lakh to ₹2,182.94 Lakh.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

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

DIRECTORS

During the current year, the Board of Directors has re-appointed the following Whole Time Directors of the Company upon expiry of their term of office:

Name	Designation	Tenure
Shri Vishnu Dutt Khandelwal (DIN: 00383507)	Executive Vice Chairman	5 years (w.e.f. 19th June, 2018)
Shri Rajesh Sharma (DIN: 02228607)	Executive Director	5 years (w.e.f. 19th June, 2018)
Shri Gopal Singh Shekhavat (DIN: 06591844)	Director (Administration)	5 years (w.e.f. 1st June, 2018)

Appropriate Resolution(s) seeking your approval for re-appointment of the directors are placed in the Notice of ensuing Annual General Meeting.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Gopal Singh Shekhavat (DIN: 06591844), Director of the Company retires from the Board by rotation, at the ensuing Annual General Meeting of the Company and being eligible he has offered himself for re-appointment.

DECLARATION FROM INDEPENDENT DIRECTORS

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

COMPOSITION OF AUDIT COMMITTEE

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

KEY MANAGERIAL PERSONNEL

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, in respect of the financial year ended 31st March, 2018, confirm that:-

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

b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

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

d) they have prepared Annual Accounts on a 'Going Concern' basis.

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

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the financial year 2017-18 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 A**" and forms an integral part of this Report.

LISTING

The Equity Shares of the Company are presently listed at BSE Limited and National Stock Exchange of India Limited and the listing fee, for the year 2018-19, 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 25.09.2017, who

shall hold office till the conclusion of the 33rd Annual General Meeting in accordance with the provisions of the Companies Act, 2013. However, this appointment was subject to ratification by the members at every Annual General Meeting to be held thereafter during their tenure of office. The Auditors have confirmed their eligibility and qualification under Section 141 of the Companies Act, 2013 and, therefore, their ratification for appointment as Statutory Auditors for the year 2018-19 is being sought from the Members of the Company at the ensuing Annual General Meeting.

The Auditors' Report for the financial year 2017-18 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 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith as "**Annexure B**" to this report.

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

c. Cost Auditors

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.:00022) and M/s. Rakesh Misra & Co., Cost Accountants (Firm Regn. No.: 00249), have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its products 'Yarn' and 'Recycled Polyester Staple Fibre' respectively, for the financial year 2018-19.

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

d. Internal Auditors

Pursuant to the provisions of Section 138 read with Rule 13 of the Companies (Accounts) Rules, 2014, your Company engaged the services of M/s. Ashok & Ajai, Chartered Accountants, Kanpur, to conduct the Internal Audit of the functions and activities of the Company for the Financial Year 2017-18. The Internal Audit Report is placed before the Audit Committee of the Company, at regular intervals.

RELATED PARTY TRANSACTIONS

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

During the financial year under review, all transactions entered into with Related Parties were in the ordinary course of business and on an arm's length basis and they are placed before the Audit Committee as also to the Board for approval. Omnibus approval from the Audit Committee was obtained on annual basis for transactions which are of repetitive nature. During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the Company's Related Party Transactions Policy. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable. The related party transactions are disclosed under Note No. 35 of the Notes to the Financial Statements for the year ended 31st March, 2018.

PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS BY THE COMPANY

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

WHISTLE BLOWER POLICY

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

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

NOMINATION AND REMUNERATION POLICY

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

The 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 covered 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 13th February, 2018, 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 13th February, 2018, 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 Non-Executive Directors.

RISK MANAGEMENT

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

DEPOSITS

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

In terms of Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company, during the year, has accepted an amount of ₹347 Lakh as unsecured loans from the Directors and the balance outstanding as on 31st March, 2018 was ₹675 Lakh.

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

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year 2017-18 and the date of this Report. Further, there was no change in the nature of business of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

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

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 E"** 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.

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 2017-18.

ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Kanpur
Date : 9th August, 2018

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

ANNEXURE 'A' TO THE DIRECTORS' REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31st March, 2018

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

I. REGISTRATION & OTHER DETAILS		
i.	CIN	L51109UP1987PLC009090
ii.	Registration Date	30th October, 1987
iii.	Name of the Company	Ganesha Ecosphere Ltd.
iv.	Category/Sub-category of the Company	Public Company Limited by Shares/ Indian Non-Govt. Company
v.	Address of the Registered office & contact details	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat - 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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
All the business activities contributing 10% or more of the total turnover of the Company are given hereunder-			
S. No.	Name & Description of main products/services	NIC Code of the Product /Service	% to Total Turnover of the Company
1.	Polyester Staple Fibre	20302	73.48
2.	Spun Yarn	13114	18.49

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES					
S. No.	Name & Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	N.A.	N.A.	N.A.	N.A.	N.A.

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

i. Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual/HUF	6143935	-	6143935	32.04	6143935	-	6143935	32.04	0.00
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	-	-	-	-	-	-	-	-	-
d. Bodies Corporates	2552001	-	2552001	13.31	2552001	-	2552001	13.31	0.00
e. Bank/FI	-	-	-	-	-	-	-	-	-
f. Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (1):-	**8695936**	**-**	**8695936**	**45.35**	**8695936**	**-**	**8695936**	**45.35**	**0.00**
2. Foreign									
a. NRI- Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp.	-	-	-	-	-	-	-	-	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any other…	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	8695936	-	8695936	45.35	8695936	-	8695936	45.35	0.00
B. PUBLIC SHAREHOLDING									
1. Institutions									
a. Mutual Funds	1424705	5400	1430105	7.46	1375275	2200	1377475	7.18	(0.28)
b. Banks/FI	10725	100	10825	0.05	7404	100	7504	0.04	(0.01)
c. Central Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital Fund	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i. Others (specify)									
i. Alternate Investment Funds	-	-	-	-	56000	0	56000	0.29	0.29
ii. Foreign Portfolio Investors	-	-	-	-	40000	0	40000	0.21	0.21
SUB TOTAL (B)(1):-	**1435430**	**5500**	**1440930**	**7.51**	**1478679**	**2300**	**1480979**	**7.72**	**0.21**
2. Non Institutions									
a. Bodies Corporates									
i. Indian	4632620	7400	4640020	24.20	4492365	2500	4494865	23.44	(0.76)
ii. Overseas	-	-	-	-	-	-	-	-	-
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹1 lakhs	1576208	1154267	2730475	14.24	1625719	672861	2298580	11.99	(2.25)
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakhs	1392181	-	1392181	7.26	1422937	-	1422937	7.42	0.16
c. Others (specify)									
i. NRI	59724	-	59724	0.31	73213	-	73213	0.38	0.07
ii. Hindu Undivided Family	208070	-	208070	1.09	242194	-	242194	1.26	0.17
iii. Clearing Members/ House	9541	-	9541	0.05	26768	-	26768	0.14	0.09
iv. Trusts	-	-	-	-	3300	-	3300	0.02	0.02
v. IEPF	-	-	-	-	438105	-	438105	2.28	2.28
SUB TOTAL (B)(2):-	7878344	1161667	9040011	47.14	8324601	675361	8999962	46.93	(0.21)
Total Public Shareholding (B)= (B)(1)+(B)(2)	9313774	1167167	10480941	54.65	9803280	677661	10480941	54.65	0.00
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18009710	1167167	19176877	100	18499216	677661	19176877	100	-

ii. Shareholding of Promoters

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

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

iii. Change in Promoters' Shareholding

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	NO CHANGES IN PROMOTERS' SHAREHOLDING DURING THE F.Y. 2017-18			
	Date wise Increase / Decrease in Promoters Share - holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)				
	At the End of the year				

iv. Shareholding Pattern of Top Ten Shareholders as on 31st March, 2018 (other than Directors, Promoters & Holders of GDRs & ADRs)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	MCAP India Fund Limited	2975877	15.52	-	-	-	-	-	2975877	15.52
2.	SBI Mutual Fund	1424605	7.43	07/04/2017	-10782	Sale	1413823	7.37		
				12/05/2017	-22935	Sale	1390888	7.25		
				19/05/2017	-40165	Sale	1350723	7.04		
				26/05/2017	-4507	Sale	1346216	7.02		
				02/06/2017	-16593	Sale	1329623	6.93		
				23/06/2017	-11000	Sale	1318623	6.88		
				14/07/2017	-27086	Sale	1291537	6.73		
				21/07/2017	-62842	Sale	1228695	6.41		
				25/08/2017	-26795	Sale	1201900	6.27		
				13/10/2017	-16690	Sale	1185210	6.18		
				27/10/2017	-18000	Sale	1167210	6.09		
				10/11/2017	-32428	Sale	1134782	5.92		
				19/01/2018	-49335	Sale	1085447	5.66		
				26/01/2018	-6023	Sale	1079424	5.63		
				02/02/2018	-81	Sale	1079343	5.63		
				02/03/2018	-9168	Sale	1070175	5.58		
				30/03/2018	-40000	Sale	1030175	5.37	1030175	5.37
3.	Essel Industries Private Limited	575324	3.00	-	-	-	-	-	575324	3.00
4.	Sangeeta Pareekh	492538	2.57	16/06/2017	-50000	Sale	442538	2.31	442538	2.31
5.	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	0	0.00	01/12/2017	5654	Transfer	5654	0.03		
				07/12/2017	432451	Transfer	438105	2.28	438105	2.28
6.	Principal Trustee Co. Pvt. Ltd.- Principal Mutual Fund- Principal Emerging Blue Chip Fund	0	0.00	16/06/2017	240000	Purchase	240000	1.25		
				28/07/2017	9000	Purchase	249000	1.30		
				04/08/2017	21000	Purchase	270000	1.41		
				11/08/2017	9000	Purchase	279000	1.45		
				18/08/2017	11717	Purchase	290717	1.52		
				25/08/2017	9000	Purchase	299717	1.56		
				01/09/2017	39283	Purchase	339000	1.77		
				27/10/2017	9000	Purchase	348000	1.81		
				19/01/2018	-2400	Sale	345600	1.80		
				26/01/2018	-22523	Sale	323077	1.68		
				02/02/2018	-5077	Sale	318000	1.66		
				02/03/2018	13400	Purchase	331400	1.73		
				09/03/2018	13600	Purchase	345000	1.80	345000	1.80
7.	Commercial Advertising and Marketing Private Ltd.	0	0.00	15/09/2017	250000	Purchase	250000	1.30		
				29/12/2017	-204115	Sale	45885	0.24		
				05/01/2018	-4304	Sale	41581	0.22		
				31/03/2018	250000	Purchase	291581	1.52	291581	1.52
8.	Madhukar Sheth	201662	1.05	12/05/2017	-20000	Sale	181662	0.95		
				19/05/2017	40000	Purchase	221662	1.16		
				23/06/2017	-34921	Sale	186741	0.97		

iv. Shareholding Pattern of Top Ten Shareholders as on 31st March, 2018 (other than Directors, Promoters & Holders of GDRs & ADRs) (Contd.)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				14/07/2017	15838	Purchase	202579	1.06		
				21/07/2017	25000	Purchase	227579	1.19		
				22/09/2017	-5200	Sale	222379	1.16	222379	1.16
9.	Share India Securities Limited	108616	0.57	07/04/2017	4075	Purchase	112691	0.59		
				14/04/2017	48	Purchase	112739	0.59		
				21/04/2017	-28713	Sale	84026	0.44		
				28/04/2017	-1156	Sale	82870	0.43		
				05/05/2017	-53383	Sale	29487	0.15		
				12/05/2017	-2513	Sale	26974	0.14		
				19/05/2017	79571	Purchase	106545	0.56		
				26/05/2017	10178	Purchase	116723	0.61		
				02/06/2017	-10167	Sale	106556	0.56		
				09/06/2017	17996	Purchase	124552	0.65		
				16/06/2017	-117899	Sale	6653	0.03		
				23/06/2017	55791	Purchase	62444	0.33		
				30/06/2017	5369	Purchase	67813	0.35		
				07/07/2017	27376	Purchase	95189	0.50		
				14/07/2017	-27400	Sale	67789	0.35		
				21/07/2017	34904	Purchase	102693	0.54		
				28/07/2017	1437	Purchase	104130	0.54		
				04/08/2017	8539	Purchase	112669	0.59		
				11/08/2017	-2562	Sale	110107	0.57		
				18/08/2017	-237	Sale	109870	0.57		
				25/08/2017	1433	Purchase	111303	0.58		
				01/09/2017	-1285	Sale	110018	0.57		
				08/09/2017	15083	Purchase	125101	0.65		
				15/09/2017	7093	Purchase	132194	0.69		
				18/09/2017	719	Purchase	132913	0.69		
				22/09/2017	-461	Sale	132452	0.69		
				29/09/2017	7027	Purchase	139479	0.73		
				06/10/2017	9064	Purchase	148543	0.77		
				13/10/2017	31701	Purchase	180244	0.94		
				20/10/2017	-14237	Sale	166007	0.87		
				27/10/2017	13954	Purchase	179961	0.94		
				03/11/2017	14604	Purchase	194565	1.01		
				10/11/2017	-23923	Sale	170642	0.89		
				17/11/2017	744	Purchase	171386	0.89		
				24/11/2017	9576	Purchase	180962	0.94		
				01/12/2017	25712	Purchase	206674	1.08		
				08/12/2017	-14135	Sale	192539	1.00		
				15/12/2017	-52490	Sale	140049	0.73		
				22/12/2017	-68792	Sale	71257	0.37		
				29/12/2017	3028	Purchase	74285	0.39		
				05/01/2018	-21795	Sale	52490	0.27		
				12/01/2018	15793	Purchase	68283	0.36		
				19/01/2018	51221	Purchase	119504	0.62		

iv. Shareholding Pattern of Top Ten Shareholders as on 31st March, 2018 (other than Directors, Promoters & Holders of GDRs & ADRs) (Contd.)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				25/01/2018	22238	Purchase	141742	0.74		
				02/02/2018	4923	Purchase	146665	0.76		
				09/02/2018	16901	Purchase	163566	0.85		
				16/02/2018	-798	Sale	162768	0.85		
				23/02/2018	-12010	Sale	150758	0.79		
				02/03/2018	7015	Purchase	157773	0.82		
				09/03/2018	6366	Purchase	164139	0.86		
				16/03/2018	95	Purchase	164234	0.86		
				23/03/2018	-4266	Sale	159968	0.83		
				30/03/2018	15605	Purchase	175573	0.92		
				31/03/2018	-101	Sale	175472	0.92	175472	0.92
10.	Securocrop Securities India Private Limited	173371	0.90	16/06/2017	-50000	Sale	123371	0.64	123371	0.64

v. Shareholding of Directors & Key Managerial Personnel

S. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Shareholding at the end of the year	
		No.of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
A.	Directors							
1.	MR. SHYAM SUNDER SHARMMA (Chairman & Managing Director)	1938927	10.11	-	-	-	1938927	10.11
2.	MR.VISHNU DUTT KHANDELWAL (Executive Vice Chairman)	720200	3.76	-	-	-	720200	3.76
3.	MR. SHARAD SHARMA (Joint Managing Director)	875583	4.57	-	-	-	875583	4.57
4.	MR. RAJESH SHARMA (Executive Director)	1095529	5.71	-	-	-	1095529	5.71
5.	MR. GOPAL SINGH SHEKHAVAT (Director-Administration)	400	0.00	-	-	-	400	0.00
6.	MR. SURENDRA KUMAR KABRA (Non-Executive Independent Director)	-	-	-	-	-	-	-
7.	MR. VISHWA NATH CHANDAK (Non-Executive Independent Director)	-	-	-	-	-	-	-
8.	MR. PRADEEP KUMAR GOENKA (Non-Executive Independent Director)	-	-	-	-	-	-	-
9.	MR. ANOOP GUPTA (Non-Executive Independent Director)	-	-	-	-	-	-	-
10.	MR. ABHILASH LAL (Non-Executive Independent Director)	-	-	-	-	-	-	-
11.	MR. NARAYANAN SUBRAMANIAM (Non-Executive Independent Director)	-	-	-	-	-	-	-
12.	MRS. SEEMA SHARMA (Non-Executive Non-Independent Director)	269215	1.40	-	-	-	269215	1.40
B.	**Key Managerial Personnel (KMPs)**							
1.	MR. GOPAL AGARWAL (Chief Financial Officer)	18433	0.10	-	-	-	18433	0.10
2.	MR. BHARAT KUMAR SAJNANI (Company Secretary)	100	0.00	-	-	-	100	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	12514.70	1096.75	-	13611.45
ii) Interest due but not paid	45.46	8.79	-	54.25
iii) Interest accrued but not due	11.58	0.00	-	11.58
Total (i+ii+iii)	12571.74	1105.54	-	13677.28
Change in Indebtedness during the financial year				
Additions	9468.06	389.50	-	9857.56
Reduction	3685.50	0.00	-	3685.50
Net Change	5782.56	389.50	-	6172.06
Indebtedness at the end of the financial year				
i) Principal Amount	18297.26	1486.25	-	19783.51
ii) Interest due but not paid	31.92	12.50	-	44.42
iii) Interest accrued but not due	41.33	0.00	-	41.33
Total (i+ii+iii)	18370.51	1498.75	-	19869.26

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: (₹ in lakhs)

S.No.	Particulars of Remuneration	Name of the MD/WTD/Manager					Total Amount
		Mr. Shyam Sunder Sharmma	Mr. Sharad Sharma	Mr. Vishnu Dutt Khandelwal	Mr. Rajesh Sharma	Mr. Gopal Singh Shekhavat	
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	26.95	12.00	12.00	12.00	19.54	82.49
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.40	0.40	0.32	0.40	0.46	1.97
	(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	0.00
2.	Stock option	0.00	0.00	0.00	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	0.00	0.00	0.00
4.	Commission						
	-as % of profit	45.00	60.00	60.00	60.00	0.00	225.00
	-others (specify)	0.00	0.00	0.00	0.00	0.00	0.00
5.	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	Total (A)	72.35	72.40	72.32	72.40	20.00	309.46
	Ceiling as per the Act	10% of the Net Profit calculated under Section 198 of the Companies Act, 2013.					588.65

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

B. Remuneration to other directors: (₹ in lakhs)

S.No.	Particulars of Remuneration	Name of the Directors						Total Amount
1.	Independent Directors	Mr. Pradeep Kumar Goenka	Mr. Surendra Kumar Kabra	Mr. Vishwa Nath Chandak	Mr. Anoop Gupta	Mr. Abhilash Lal	Mr. Narayanan Subramaniam	
	(a) Fee for attending board/committee meetings	0.40	0.40	0.40	0.30	0.30	0.10	**1.90**
	(b) Commission	5.00	5.00	5.00	3.75	3.75	2.50	**25.00**
	(c) Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**
	Total (1)	**5.40**	**5.40**	**5.40**	**4.05**	**4.05**	**2.60**	**26.90**
2.	Other Non-Executive Directors	Mrs. Seema Sharma						
	(a) Fee for attending board/committee meetings	0.20						**0.20**
	(b) Commission	5.00						**5.00**
	(c) Others, please specify.	NIL						**NIL**
	Total (2)	**5.20**						**5.20**
	Total (B)=(1+2)							**32.10**
	Total Managerial Remuneration							**341.56**
	Overall Ceiling as per the Act	11% of the net profits as per Section 198 of the Companies Act, 2013.						647.51

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹ in lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Gopal Agarwal (Chief Financial Officer)	Mr. Bharat Kumar Sajnani (Company Secretary)	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	20.43	8.73	29.16
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.32	0.00	0.32
	(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	**20.75**	**8.73**	**29.48**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE B - SECRETARIAL REPORT

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has during the financial year ended on 31st March, 2018 ('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, 2018 according to the provisions of:

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

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

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

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

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

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

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

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

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable as the Company has not offered any shares or granted any options pursuant to any employee benefit 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 the Company has not delisted / proposed to delist its Equity Shares from any Stock Exchange during the Audit Period);** and

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

(vi) We further report that having regard to the compliance system

prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the provisions of Plastic Waste Management Rules, 2016 specifically applicable to the Company.

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

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

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

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There had been no change in the composition of the Board of Directors of the Company during the Audit Period. Adequate notice is given to all Directors to schedule the Board / Committee Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the Audit Period there were 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 28th Annual General Meeting of the Company held on 25th September, 2017 by a Special Resolution:

  (i) approved the re-classification of 1,000,000 Preference Shares of ₹100/- each aggregating to ₹100,000,000/- forming part of the Authorised Share Capital of the Company into 10,000,000 Equity Shares of ₹10/- and consequential changes in the capital clause of Memorandum of Association of the Company.

  (ii) approved the proposal to issue Equity Shares, Global Depository Receipts ('GDRs'), American Depository Receipts ('ADRs'), Foreign Currency Convertible Bonds ('FCCBs'), fully convertible debentures/partly convertible debentures, preference shares convertible into Equity Shares, and/or any other financial instruments convertible into Equity Shares whether rupee denominated or denominated in foreign currency, in one or more foreign markets and / or domestic market, by way of one or more public and / or private offerings and/or on preferential allotment basis including Qualified Institutions Placement ("QIP") or any combination thereof, for an aggregate amount not exceeding ₹150.00 Crores.

(b) The Company's expansion plan of Temra Unit increasing the existing Recycled Polyester Staple Fibre (RPSF) capacity by 21,000 TPA was successfully commissioned and commenced commercial production w.e.f. 1st February, 2018.

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

(S.K.GUPTA)
Managing Partner

Place: Kanpur
Date: 8th August, 2018

F.C.S-2589
CP-1920

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, 2018 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 operate 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.

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

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

Place: Kanpur
Date: 08.08.2018

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Report on Corporate Social Responsibility (CSR) Activities/Initiatives for the year ended 31st March, 2018

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

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

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

In terms of the CSR Policy of the Company, the following areas have been identified:

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

2. Composition of CSR Committee:

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

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

3. Average net profit of the Company for last three financial years: ₹36,53,39,268/-

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹73,06,785/-

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: ₹73,07,000/-

(b) Amount unspent, if any: Nil

(c) 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	• Kanpur (U.P.) • Rudrapur (Uttarakhand) • Rampur (U.P.)	17,82,626/-	Direct Expenditure	17,82,626/-	Direct
2.	Health Care & Education	• Promoting Healthcare including preventive healthcare • Promoting Education among children & differently abled	• Kanpur (U.P.) • Rudrapur (Uttarakhand) • Rampur (U.P.) • Mumbai (Maharashtra)	50,25,000/-	Direct Expenditure	50,25,000/-	a) Blind Organization of India b) Jyoti Bal Vikas Sanstha c) Ganesh Memorial Trust
3.	Old Age Home	• Running and maintaining old age home	• Kanpur (U.P.)	5,00,000/-	Direct Expenditure	5,00,000/-	a) Shree Bankhandeshwar Mahadev Mandir Trust
	Total			**73,07,626/-**		**73,07,626/-**	

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

Not applicable

7. Responsibility Statement:

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

(Shyam Sunder Sharmma)
Chairman and Managing Director

(Abhilash Lal)
Chairman of CSR Committee

ANNEXURE 'D' 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, 2018:

I. CONSERVATION OF ENERGY

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

The Company during the financial year has taken following specific measures to optimize energy generation and consumption at its manufacturing facilities-

i) Low air pressure dehumidifying units have been installed in replacement of high air pressure dehumidifying units, resulting into saving of electric power consumption by approx. 1081 unit per day.

ii) Oil heating system was installed in place of electrical heaters, resulting into reduction of power consumption by approx. 21 KW per day.

iii) Timer circuit was installed to control the on/off timing of plant lights, resulting into saving of power consumption by approx. 5 KW per day.

iv) Steam flow monitoring system has been installed on draw lines resulting into reduction in steam consumption.

v) Installation of online filtration system in ethylene glycol circulation system to improve the efficiency and reduce the consumption of ethylene glycol.

vi) Provision made for Variable Frequency Drives in Coal Boiler FD fan for power saving.

vii) Usage of High GCV coal for fuel & power saving.

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

ix) Maintenance of the machines as per schedule.

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

xi) Equipment efficiencies evaluated and optimized.

These measures have also led to better pollution control, reduced the impact on environment, reduced maintenance time and cost, improved hygienic condition and consistency in quality & improved productivity.

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

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

(c) Capital investment on energy conservation equipments:

Not Significant.

II. TECHNOLOGY ABSORPTION

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

1. Process optimization for improved quality of PSF and Yarn.
2. Shortening of process route keeping product quality intact.
3. Technology absorption from:
   - Technical Journals.
   - Training of personnel on powerful CAD/CAM tools.
   - National and International exhibitions / seminars.

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

1. Cost Saving.
2. Diversity of product mix & availability of value added products.
3. Improved customer base & market share.
4. Quality Consistency with improved operational performance at Customer end.
5. Productivity improvement due to machine speed & process 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 out go are as under: (₹ in lakh)

	Current Year (2017-18)	Previous Year (2016-17)
A) Foreign Exchange earnings (F.O.B. Value)	3326.05	3479.29
B) Foreign Exchange outgo	10103.67	3105.55

ANNEXURE 'E' 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 2017-18 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 are as under:

S. No.	Name	Designation	Remuneration in F.Y. 2017-18 (₹ in lacs)	Remuneration in F.Y. 2016-17 (₹ in lacs)	% increase/ (decrease) in remuneration	Ratio of remuneration of each Director to the median remuneration of employees
1.	Mr. Shyam Sunder Sharmma	Chairman cum Managing Director	72.35	82.80	(12.62%)	66.38
2.	Mr. Sharad Sharma	Joint Managing Director	72.40	65.40	10.70%	66.42
3.	Mr. Vishnu Dutt Khandelwal	Executive Vice-Chairman	72.32	65.32	10.72%	66.35
4.	Mr. Rajesh Sharma	Executive Director	72.40	69.25	4.55%	66.42
5.	Mr. Surendra Kumar Kabra*	Independent Director	5.40	4.05	33.33%	4.95
6.	Mr. Vishwa Nath Chandak*	Independent Director	5.40	4.05	33.33%	4.95
7.	Mr. Pradeep Kumar Goenka*	Independent Director	5.40	5.40	--	4.95
8.	Mr. Anoop Gupta*	Independent Director	4.05	2.70	50.00%	3.72
9.	Mr. Gopal Singh Shekhavat	Director (Administration)	20.00	18.12	10.38%	18.35
10.	Mr. Abhilash Lal*	Independent Director	4.05	2.70	50.00%	3.72
11.	Mr. Narayanan Subramaniam*	Independent Director	2.60	1.30	100.00%	2.38
12.	Mrs. Seema Sharma*	Non-Executive Director	5.20	5.20	–	4.77
13.	Mr. Gopal Agarwal	Chief Financial Officer	20.75	17.15	21.00%	N.A.
14.	Mr. Bharat Kumar Sajnani	Company Secretary	8.73	7.55	15.63%	N.A.

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

ii. During the year 2017-18, there was an increase of 5.42% in median remuneration of employees.

iii. There were 2007 permanent employees on the roll of the Company as on 31st March, 2018.

iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the Financial Year 2017-18 was 4.45%, whereas the increase in the managerial remuneration for the same financial year was 4.68%.

v. It is hereby affirmed that the remuneration paid during the Financial Year ended 31st March, 2018 is as per the remuneration policy of the Company.



CORPORATE GOVERNANCE REPORT 2017-18

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, 2018 are as under:

Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 25.09.2017	No. of Boards / Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
					Directorship	Committee (only Audit Committee & Stakeholders Relationship Committee)	
		Held	Attended			Member	Chairman
Mr. Shyam Sunder Sharmma DIN: 00530921	Promoter Executive Director	4	3	Yes	1	1	Nil
Mr. Vishnu Dutt Khandelwal DIN: 00383507	Promoter Executive Director	4	4	Yes	1	2	Nil
Mr. Sharad Sharma DIN: 00383178	Promoter Executive Director	4	4	Yes	1	1	Nil
Mr. Rajesh Sharma DIN: 02228607	Promoter Executive Director	4	3	No	1	Nil	Nil



Name of Director	Category	No. of Board Meetings during tenure		Whether present at the last Annual General Meeting held on 25.09.2017	No. of Boards / Committees of Public Limited Companies (including Ganesha Ecosphere Ltd.)		
					Directorship	Committee (only Audit Committee & Stakeholders Relationship Committee)	
		Held	Attended			Member	Chairman
Mr. Gopal Singh Shekhavat DIN: 06591844	Executive Director	4	1	No	1	Nil	Nil
Mrs. Seema Sharma DIN: 07466530	Promoter Non- Executive Director	4	4	No	1	Nil	Nil
Mr. Surendra Kumar Kabra DIN: 01280980	Non- Executive/ Independent Director	4	4	No	2	1	Nil
Mr. Pradeep Kumar Goenka DIN: 00404746	Non- Executive/ Independent Director	4	4	Yes	1	Nil	2
Mr. Vishwa Nath Chandak DIN: 00313035	Non- Executive/ Independent Director	4	4	No	2	1	Nil
Mr. Anoop Gupta DIN: 00153340	Non-Executive/ Independent Director	4	3	No	1	1	Nil
Mr. Abhilash Lal DIN: 03203177	Non- Executive/ Independent Director	4	3	No	2	2	Nil
Mr. Narayanan Subramaniam DIN: 00166621	Non- Executive/ Independent Director	4	2	No	3	2	1

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

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

Shareholding of Non-Executive Directors:

As on 31.03.2018, Mrs. Seema Sharma, Non-Executive Director, is holding 2,69,215 Equity Shares of ₹10/- each of the Company. None of the other Non-Executive Directors hold any shares in the Company.

B. Details of Board Meetings held during the year:

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

S. No.	Date of Meeting	Board Strength	No. of Directors Present
1.	22.05.2017	12	11
2.	12.08.2017	12	8
3.	09.11.2017	12	11
4.	13.02.2018	12	9

Information placed before the Board:

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

C. Terms and conditions of appointment of Independent Directors:

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

D. Familiarization Programme for Independent Directors:

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

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

The details of Familiarization Programme for Independent Directors are available on the Company's website at the following web link:

http://ganeshaecosphere.com/wp-content/uploads/2017/06/Familarization-Programme-for-Independent-Directors.pdf

E. Separate Meeting of the Independent Directors:

During the year ended 31st March, 2018, one Independent Directors' Meeting was held on 13.02.2018. At the meeting, the Independent Directors inter-alia:

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

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

F. Code of Conduct:

In compliance with Regulation 17(5) of the Listing Regulations, the Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. A declaration to this effect, signed by Shri Shyam Sunder Sharmma, Chairman and Managing Director of the Company, is enclosed at the end of this report. Code of Conduct of the Company is available on the website of the Company at ***www.ganeshaecosphere.com/code-of-conduct.***

3. COMMITTEES OF THE BOARD:

As on 31st March, 2018, the Company has six Board level Committees:

A. Audit Committee,

B. Nomination and Remuneration Committee,

C. Stakeholders Relationship Committee,

D. Corporate Social Responsibility Committee,

E. Management Committee, and

F. Capital Raising Committee

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

A. AUDIT COMMITTEE

Composition:

The Company has an Audit Committee constituted in accordance with the Corporate Governance requirements. As on 31.03.2018, 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 Sajnani, Company Secretary of the Company also acts as Secretary to the Committee.

Terms of Reference:

The terms of reference of the Audit Committee are in conformity with the requirements specified in Regulation 18(3) read with Part C of Schedule II to the Listing Regulations and also comply with the requirements of Section 177 of the Companies Act, 2013.

Brief description of terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of statutory auditors including cost auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
    b. Changes, if any, in accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgement by the management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of related party transactions.
    g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter- corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
14. Discussion with Internal Auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower Mechanism.
19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
20. Reviewing the reports of the Company's Cost Auditors.
21. Reviewing the following information:
    - Management Discussion and Analysis of financial condition and results of operations;
    - Statement of significant related party transactions, submitted by management;

- Management letter(s) of internal control weaknesses, if any, issued by statutory auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of internal auditor.

22. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.

Meetings:

During the financial year ended 31st March, 2018, four Audit Committee Meetings were held on 22.05.2017, 12.08.2017, 09.11.2017 and 13.02.2018. Chief Financial Officer, Internal Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

Details of the Attendance at the Meetings are as follows:

S. No.	Name of Director	Category	No. of Committee meeting during the tenure	
			Held	Attended
1.	Mr. Pradeep Kumar Goenka, Chairman	Non- Executive/ Independent Director	4	4
2.	Mr. Surendra Kumar Kabra	Non- Executive/ Independent Director	4	4
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	4	4
4.	Mr. Vishwa Nath Chandak	Non- Executive/ Independent Director	4	4
5.	Mr. Anoop Gupta	Non- Executive/ Independent Director	4	3
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 25th September, 2017.

B. NOMINATION AND REMUNERATION COMMITTEE

Composition:

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

Terms of Reference:

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

Brief description of terms of reference:

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

Meetings:

During the year ended 31st March, 2018, two Nomination and Remuneration Committee Meetings were held on 09.11.2017 and 13.02.2018.

Details of Attendance at the Meetings are as follows:

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

Remuneration Policy:

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

Details of Remuneration of the Directors for the financial year 2017-18:

i. Executive Directors:

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

The Details of Remuneration are as follows:

Name of Director	Status	Salary & Allowances (₹)	Perquisites (₹)	Performance Linked Remuneration (₹)	Tenure
Mr. Shyam Sunder Sharmma	Chairman & Managing Director	2,695,000/-	39,600/-	4,500,000/-	3 years (from 18th September, 2015)
Mr. Vishnu Dutt Khandelwal	Executive Vice Chairman	1,200,000/-	32,400/-	6,000,000/-	5 years (from 19th June, 2018)
Mr. Sharad Sharma	Joint Managing Director	1,200,000/-	39,600/-	6,000,000/-	5 years (from 1st February, 2014)
Mr. Rajesh Sharma	Executive Director	1,200,000/-	39,600/-	6,000,000/-	5 years (from 19th June, 2018)
Mr. Gopal Singh Shekhavat	Director (Administration)	1,953,600/-	46,057/-	-	5 years (from 1st June, 2018)

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 2017-18 amongst the Non-Executive Directors on the basis of their attendance and contribution at the Board and Audit Committee Meetings (subject to maximum limit of ₹5,00,000/- for each such Director, as decided by the Board at its meeting held on 13.02.2018).

The Details of Sitting Fees Paid and Commission payable to such directors for the year 2017-18 are as follows:

Name of Directors	Sitting Fees (₹)	Commission (₹)	Tenure
Mr. Surendra Kumar Kabra	40,000/-	500,000/-	5 years (from 29th September, 2014)
Mr. Pradeep Kumar Goenka	40,000/-	500,000/-	5 years (from 29th September, 2014)
Mr. Vishwa Nath Chandak	40,000/-	500,000/-	5 years (from 29th September, 2014)
Mr. Anoop Gupta	30,000/-	375,000/-	5 years (from 29th September, 2014)
Mr. Abhilash Lal	30,000/-	375,000/-	5 years (from 29th September, 2014)
Mr.Narayanan Subramaniam	10,000/-	250,000/-	5 years (from 29th September, 2014)
Mrs. Seema Sharma	20,000/-	500,000/-	N.A.

Commission to Non-Executive Directors will be paid after the accounts are adopted by the members at the Annual General Meeting scheduled to be held on 15th September, 2018.

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 Board of Directors vide their resolution dated 13.02.2018 dissolved the Securities Allotment and Certificate Issuance Committee of the Board and include its functions into the terms of reference of the Stakeholders Relationship Committee.

The Stakeholders Relationship Committee looks into all the matters relating to transfer/transmission of shares, issuance of certificates of securities upon split/ consolidation/ renewal/ rematerialisation thereof and issuance of duplicate certificates of securities and redressal of investors' grievances like non-receipt of annual reports, non-receipt of dividend warrants, etc. The Committee also oversees the working of Registrar and Transfer Agents of the Company.

Meetings:
During the year ended 31st March, 2018, five Stakeholders Relationship Committee Meetings were held on 09.05.2017, 21.07.2017, 06.11.2017, 24.01.2018 and 17.03.2018.

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	5	5
2.	Mr. Shyam Sunder Sharmma	Promoter Executive Director	5	3
3.	Mr. Vishnu Dutt Khandelwal	Promoter Executive Director	5	5
4.	Mr. Sharad Sharma	Promoter Executive Director	5	5

Investor Grievance Redressal:
Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31st March, 2018, are as under:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	26	26	Nil

As on 31st March, 2018, no request for transfer / transmission was pending for approval.

Compliance Officer:
Compliance Officer of the Company: Mr. Bharat Kumar Sajnani, 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, 2018, three Corporate Social Responsibility (CSR) Committee Meetings were held on 22.05.2017, 12.08.2017 and 13.02.2018.

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, 2018, three Management Committee Meetings were held on 02.11.2017, 23.12.2017 and 17.03.2018.

F. CAPITAL RAISING COMMITTEE

Composition:

The Capital Raising Committee of the Board was constituted on 09.11.2017 which consists of five members namely, Mr. Vishnu Dutt Khandelwal (Chairman), Mr. Sharad Sharma, Mr. Anoop Gupta, Mr. Abhilash Lal and Mr. Narayanan Subramaniam.

Terms of Reference:

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

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/ 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, 2018, one Capital Raising Committee Meeting was held on 14.12.2017.

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
2017	25th September, 2017	3:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	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.
2016	8th September, 2016	1:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent for payment of advance fee by members for delivery of documents through a particular mode of services.
2015	19th September, 2015	1:00 P.M.	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat.	1) Consent to re-appoint Shri Shyam Sunder Sharmma (DIN: 00530921) as Managing Director.

Postal Ballot

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

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

5. MEANS OF COMMUNICATION

The quarterly and annual financial results of the Company are submitted to the Stock Exchanges and published in 'Business Standard' (in English and Hindi) newspaper in terms of the requirements of Regulation 33(3) & 47(1)(b) of the Listing Regulations.

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

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

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

6. GENERAL SHAREHOLDERS' INFORMATION

A	Annual General Meeting	**Date:** 15th September, 2018	
		Time: 12:15 P.M.	
		Venue: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat. - 209304	
B	Calendar for financial year ended 31st March, 2019	Particulars of Quarter	On or before
		First Quarter Results	14.08.2018
		Second Quarter Results	14.11.2018
		Third Quarter Results	14.02.2019
		Fourth Quarter & Annual Results	30.05.2019
C	Date of Book Closure	From Tuesday, 11th September, 2018 to Saturday, 15th September, 2018 (both days inclusive).	

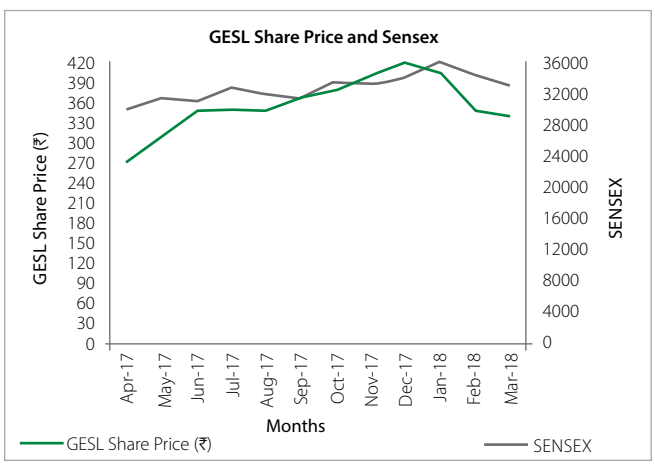
D	Dividend Payment Date	On and after 19th September, 2018.
E	Listing on Stock Exchanges	The Company's Equity Shares are listed at following Stock Exchanges:
		• BSE Limited, 25th Floor, P. J. Towers, Dalal Street, Fort, Mumbai-400 001
		• National Stock Exchange of India Limited, Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E), Mumbai-400051
		The annual listing fee to these stock exchanges has been paid up-to-date.
F	Stock Codes – Equity Shares	• BSE Limited, Mumbai: **514167**
		• National Stock Exchange of India Limited: **GANECOS**

G. Stock Market Price Data for the year 2017-18:

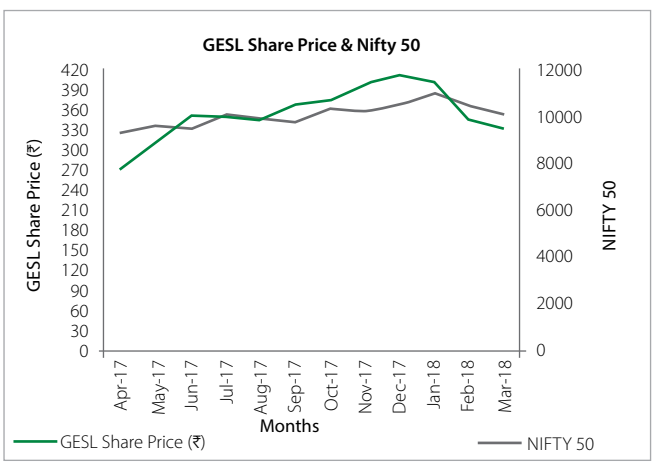
Month	BSE PRICES				NSE PRICES			
	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded	High (₹)	Low (₹)	Close (₹)	No. of Shares Traded
April, 2017	271.00	218.15	269.95	132,746	271.00	216. 65	270.55	548,256
May, 2017	335.05	270.60	309.60	406,033	338.00	270.00	309.90	1,366,520
June, 2017	379.00	291.05	348.05	301,480	370.00	297.00	350.55	843,944
July, 2017	409.00	342.00	349.45	283,237	408.50	346.00	350.45	1,179,193
August, 2017	355.95	314.00	345.35	57,581	356.00	304.15	345.30	212,796
September, 2017	405.75	342.00	365.85	66,690	405.00	340.00	367.60	338,170
October, 2017	401.50	361.45	377.35	56,103	408.90	362.50	377.35	446,751
November, 2017	425.00	355.60	399.65	52,886	428.30	365.00	396.90	308,409
December, 2017	429.00	371.00	417.15	150,609	429.90	377.10	413.20	510,279
January, 2018	480.00	390.00	401.00	135,104	479.00	391.25	401.00	956,306
February, 2018	415.00	332.70	346.20	150,158	409.60	331.25	345.70	470,735
March, 2018	355.00	312.65	338.45	138,594	357.50	312.00	335.70	307,085

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

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



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



H. Registrar and Share Transfer Agents:

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

J. Distribution of Share Holding as on 31st March, 2018:

No. of Shares	Shareholders		Shareholding	
	Number	% of total	Number	% of total
Up-to 500	9,785	91.21	1,251,566	6.53
501 - 1000	472	4.4	375,538	1.96
1001 - 2000	223	2.08	323,644	1.69
2001 - 3000	72	0.67	178,156	0.93
3001 - 4000	38	0.35	130,817	0.68
4001 - 5000	39	0.36	182,622	0.95
5001 - 10000	33	0.31	219,779	1.15
10001 & above	66	0.62	16,514,755	86.12
Total	**10,728**	**100.00**	**19,176,877**	**100.00**

Shareholding Pattern as on 31st March, 2018:

S. No.	Category of Shareholder	Number of Shareholders	Total Number of Shares	As a Percentage of (A+B)
(A)	**Shareholding of Promoter and Promoter Group**			
(1)	Indian	16	8,695,936	45.35
(2)	Foreign	0	0	0.00
	Total Shareholding of Promoter and Promoter Group	**16**	**8,695,936**	**45.35**
(B)	**Public Shareholding**			
(1)	Institutions	9	1,480,979	7.72
(2)	Non-Institutions	10,703	8,999,962	46.93
	Total Public Shareholding	**10,712**	**10,480,941**	**54.65**
	Total (A+B)	**10,728**	**19,176,877**	**100.00**

K. Dematerialisation of shares and liquidity:

ISIN Code- Equity Shares: INE 845 D01014

As on 31st March, 2018, 96.47% 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, 2018.

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

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

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

N. Plant Location:

1.	Kanpur Unit	Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat, 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
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 Investors Education and Protection Fund (IEPF):

During the financial year 2017-18, pursuant to Section 124 of the Companies Act, 2013, final dividend for the financial year 2009-10 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 Investors 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
2010-11	1.20	28.09.2011	29.10.2018
2011-12	1.20	29.09.2012	30.10.2019
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

Mandatory Transfer of Shares to Demat Account of Investors 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) shares on 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 Investor Education and Protection Fund Authority (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 2017-18, 438,105 Equity Shares of the Company were transferred to the IEPFA. Relevant details of such shares is available on the website of the Company ***www.ganeshaecosphere.com.***

7. DISCLOSURES

a) Related Party Transactions:

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

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

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

None.

c) Whistle Blower Policy:

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

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

d) Adoption of Mandatory and Non-Mandatory Requirements:

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

e) 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 and necessary disclosures thereof have been made in this Corporate Governance Report.

8. CEO AND CFO CERTIFICATION:

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

DECLARATION

Pursuant to Regulation 26(3) of Listing Regulations, I, Shyam Sunder Sharmma, Chairman and Managing Director of Ganesha Ecosphere Ltd., declare that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct for the financial year 2017-18.

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

Place : Kanpur
Date : 9th August, 2018

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, 2018, 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, 2018.

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

Place : Kanpur
Date : 9th August, 2018

Independent Auditor's Report

To
The Members of
Ganesha Ecosphere Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **Ganesha Ecosphere Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion on these Ind AS Financial Statements.

Opinion

In our opinion, and to the best of our information, and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Others Matters

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS Financial Statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016, prepared in accordance with the Companies (Accounting Standards) Rules, 2006, audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 22, 2017 and May 22, 2016 respectively. The adjustments to those financial statements, for the differences in accounting principles adopted by the Company on transition to Ind AS, have been audited by us.

Our opinion is not qualified in respect of this matter.

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 in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate, and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit 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 account.

   d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 the Ind AS Financial Statements - refer note 30.2.

      ii. In our opinion, and as per the information and explanations given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The reporting on disclosure relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Narendra Singhania
Partner
Membership No. 087931

Place: Kanpur
Date: 26 May 2018

Annexure A to the Independent Auditors Report

(Referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesha Ecosphere Limited on the Ind AS Financial Statements as of and for the year ended March 31, 2018)

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

(ii) As explained to us, the fixed assets are physically verified by the management, according to a phased programme designed to cover all the items over a period of three years, which in our opinion is reasonable, having regard to the size of the Company 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.

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

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

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

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

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

(6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.

(7) (i) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company has generally been regularly depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess 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, duty of excise, goods and services tax and cess which have not been deposited on account of any dispute. The particulars of dues of income-tax, sales tax, service tax, value added tax and entry tax as at March 31, 2018, which have not been deposited on account of a dispute, are as follows:

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates (financial year)	Forum where dispute is pending
U. P. Trade Tax Act, 1948	Entry Tax	1,393,924*	2003-04 to 2005-06	Supreme Court
West Bengal Tax on Entry of Goods in Local Area Act, 2012	Entry Tax	881,465	2013-14 to 2017-18	High Court, Kolkata
Uttarakhand Value Added Tax Act, 2005	Value Added Tax	212,493*	2010-11 to 2011-12	Joint Commissioner (Appeals) (First) Commercial Tax Haldwani, Uttarakhand

Name of the Statute	Nature of the Dues	Amount (₹)	Period to which the amount relates (financial year)	Forum where dispute is pending
Central Excise Act, 1944	Service Tax & Penalty	285,007*	2009-10 and 2010-11	Commissioner (Appeal), Central Excise & Service Tax, Allahabad
Haryana Value Added Tax Act, 2003	Purchase Tax & Interest	2,204,383	2009-10 and 2010-11	Haryana Tax Tribunal, Chandigarh
U. P. Trade Tax Act, 1948	Value Added Tax	1,221,684	2014-15	Additional Commissioner (Appeals) Grade-II, Kanpur
Income-tax Act, 1961	TDS Demand	611,389	2010-11	Dy. Commissioner of Income-tax (TDS)

* net of amount deposited under protest.

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

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

(12) In our opinion, and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, 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 Companies Act, 2013. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required under Ind AS 24, Related Party Disclosures, specified under Section 133 of the Companies Act, 2013.

(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 Companies Act, 2013. 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
Membership No. 087931

Place: Kanpur
Date: 26 May 2018

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 Ind AS Financial Statements as of and for the year ended March 31, 2018)

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, 2018 in conjunction with our audit of the Ind AS 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 controls 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 issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 Ind AS 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 controls 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls 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
Membership No. 087931

Place: Kanpur
Date: 26 May 2018

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3.1	31,584.79	23,916.38	25,630.77
(b) Capital work-in-progress	3.6	92.66	965.32	53.99
(c) Intangible assets	4.1	11.52	18.97	19.30
(d) Intangible assets under development	4.2	160.07	22.81	11.40
(e) Financial assets				
(i) Loans	5.1	5.74	12.89	37.51
(ii) Others	5.2	56.05	55.68	28.98
(f) Deferred tax assets (net)	17.2	-	394.09	1,031.39
(g) Other non-current assets	6.0	538.14	1,154.73	400.40
Sub-Total		**32,448.97**	**26,540.87**	**27,213.74**
(2) Current assets				
(a) Inventories	7.0	13,318.13	9,225.41	6,926.89
(b) Financial assets				
(i) Trade receivables	8.1	7,861.32	5,605.50	4,973.54
(ii) Cash and cash equivalents	8.2	219.15	356.96	182.43
(iii) Bank balances other than (ii) above	8.3	254.01	705.46	166.22
(iv) Loans	8.4	2.89	3.99	4.09
(v) Others	8.5	15.42	25.61	30.14
(c) Other current assets	9.0	1,707.03	951.59	736.80
(3) Assets classified as held for sale/ disposal	10.0	-	0.53	1.97
Sub-Total		**23,377.95**	**16,875.05**	**13,022.08**
TOTAL ASSETS		**55,826.92**	**43,415.92**	**40,235.82**
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	11.1	1,917.69	1,917.69	1,917.69
(b) Other equity	11.2	24,365.81	21,101.48	18,393.59
Sub-Total		**26,283.50**	**23,019.17**	**20,311.28**
(2) Liabilities				
(2A) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	12.0	8,312.71	3,665.92	7,174.81
(b) Deferred tax liabilities (net)	17.2	313.64	-	-
(c) Government grants	13.2	409.38	182.07	185.25
(d) Provisions	16.1	447.02	407.29	320.80
Sub-Total		**9,482.75**	**4,255.28**	**7,680.86**
(2B) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	12.0	9,913.41	6,252.93	4,647.62
(ii) Trade payables	14.1	5,331.83	3,401.41	2,226.90
(iii) Other financial liabilities	14.2	1,714.32	3,825.48	3,392.64
(b) Government grants	13.1	29.29	13.60	11.99
(c) Other current liabilities	15.0	2,854.47	2,441.44	1,839.76
(d) Provisions	16.2	91.25	73.58	59.48
(e) Current tax liabilities (net)	17.1	126.10	133.03	65.29
Sub-Total		**20,060.67**	**16,141.47**	**12,243.68**
TOTAL EQUITY AND LIABILITIES		**55,826.92**	**43,415.92**	**40,235.82**
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: Kanpur
Date: 26 May 2018

For and on behalf of the Board of Directors

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I INCOME			
Revenue from operations	18.0	75,755.27	68,623.03
Other income	19.0	300.43	226.06
Total income		**76,055.70**	**68,849.09**
II EXPENSES			
Cost of materials consumed		46,842.16	41,124.46
Purchases of stock-in-trade		2,055.94	1,917.31
Changes in inventories of finished goods, stock-in-trade and work-in-progress	20.0	(1,183.57)	(599.21)
Excise duty on sale of goods		380.64	1,177.66
Employee benefits expenses	21.0	4,450.95	4,263.67
Finance costs	24.0	1,457.25	1,487.74
Depreciation and amortization expense	23.0	2,048.37	2,052.76
Other expenses	22.0	14,595.34	1,2811.46
Total expenses		**70,647.08**	**64,235.85**
III Profit before tax (I-II)		**5,408.62**	**4,613.24**
IV Tax expense	25.0		
Current tax		1,397.25	1,426.81
Deferred tax		513.69	207.92
MAT credit		(25.40)	(4.14)
Total tax expense		**1,885.54**	**1,630.59**
V Profit for the year (III-IV)		**3,523.08**	**2,982.65**
VI Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit obligation		26.07	3.38
Income-tax relating to above item	25.0	(7.85)	(1.17)
		18.22	**2.21**
VII Total comprehensive income for the year (V+VI)		**3,541.30**	**2,984.86**
VIII Earnings per share			
Basic and diluted (face value of ₹10/- per equity share)	28.0	18.37	15.55
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: Kanpur
Date: 26 May 2018

For and on behalf of the Board of Directors

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
A. Cash flow from operating activities:			
Profit before tax as per statement of profit and loss		5,408.62	4,613.24
Adjustments for:			
Depreciation and amortization expense		2,048.37	2,052.76
Amortization of leasehold land		1.61	1.61
Loss on sale/ discard of property, plant and equipment (net)		61.88	0.78
Allowances for doubtful trade receivables and advances		103.24	39.03
Provision for doubtful trade receivables written back		(28.84)	(27.64)
Bad debts/ advances written off		22.15	22.71
Liabilities no longer required written back		(111.63)	(90.14)
Loss on foreign currency fluctuations and translations (net)		134.68	(16.50)
Interest expenses		1,304.81	1,387.13
Interest income		(58.30)	(51.14)
Amortization of Government grant		(16.46)	(12.83)
Operating profit before working capital changes		8,870.13	7,919.01
Movements in working capital:			
Increase in trade receivables		(2,351.03)	(655.65)
Increase in other receivables and prepayments		(842.00)	(253.67)
Increase in inventories		(4,092.73)	(2,298.52)
Increase in trade payables		1,930.42	1,174.50
Increase in other payables		490.80	606.49
Increase in provisions		83.46	103.97
Cash generated from operations		**4,089.05**	**6,596.13**
Direct taxes paid (net of refunds)		(1,192.59)	(926.71)
Net cash flow generated from operating activities (A)		**2,896.46**	**5,669.42**
B. Cash flow from investing activities			
Purchase of property, plant and equipment		(7,780.93)	(1,908.63)
Purchase of intangible assets		(0.25)	(8.12)
Proceeds from sale of property, plant and equipment		7.24	6.83
Intangible assets under development		(137.26)	(11.41)
Movement in fixed deposits with banks (net)		455.21	(560.63)
Interest received		49.60	44.84
Net cash flow used in investing activities (B)		**(7,406.39)**	**(2,437.12)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2018	Year ended March 31, 2017
C. Cash flow from financing activities			
Proceeds from non-current borrowings (other than related parties)		6,236.46	23.03
Repayment of non-current borrowings		(3,685.50)	(3,272.57)
Proceeds from current borrowings (net)		2,922.98	1,755.06
Proceeds from related parties as borrowings (net)		389.50	96.75
Dividend paid to equity shareholders		(230.12)	(230.12)
Dividend distribution tax paid		(46.85)	(46.85)
Interest paid		(1,214.35)	(1,383.07)
Net cash flow generated from/ (used in) financing activities (C)		**4,372.12**	**(3,057.77)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(137.81)	174.53
Cash and cash equivalents at the beginning of the year		356.96	182.43
Cash and cash equivalents at the end of the year	8.2	219.15	356.96

Notes:

1. The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7, 'Statement of Cash Flows'.
2. Additions to property, plant and equipment includes movement of capital work-in-progress during the year.

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: Kanpur
Date: 26 May 2018

For and on behalf of the Board of Directors

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

A. Equity share capital

(₹ in Lakhs)

Particulars	As at March 31, 2018
As at April 1, 2016	1,917.69
Changes in equity share capital during the year	-
As at March 31, 2017	1,917.69
Changes in equity share capital during the year	-
As at March 31, 2018	1,917.69

B. Other equity

(₹ in Lakhs)

Particulars	Reserves and surplus					Total
	Capital redemption reserve	Capital reserve	Securities premium reserve	General reserve	Retained earnings	
Balance as at April 1, 2016	450.00	225.28	4,389.60	264.13	13,064.58	18,393.59
Profit for the year	-	-	-	-	2,982.65	2,982.65
Other comprehensive income for the year	-	-	-	-	2.21	2.21
Total comprehensive income for the year	-	-	-	-	2,984.86	2,984.86
Dividend paid	-	-	-	-	(230.12)	(230.12)
Dividend distribution tax	-	-	-	-	(46.85)	(46.85)
Balance as at March 31, 2017	450.00	225.28	4,389.60	264.13	15,772.47	21,101.48
Profit for the year	-	-	-	-	3,523.08	3,523.08
Other comprehensive income for the year	-	-	-	-	18.22	18.22
Total comprehensive income for the year	-	-	-	-	3,541.30	3,541.30
Dividend paid	-	-	-	-	(230.12)	(230.12)
Dividend distribution tax	-	-	-	-	(46.85)	(46.85)
Balance as at March 31, 2018	450.00	225.28	4,389.60	264.13	19,036.80	24,365.81

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: Kanpur
Date: 26 May 2018

For and on behalf of the Board of Directors

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Notes to the financial statements FOR THE YEAR ENDED MARCH 31, 2018

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') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

These financial statements for the year ended March 31, 2018 are the first financial statements with comparatives, prepared by the Company under Ind AS. For all previous periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). Refer note 26 for an explanation of how the transition from Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative financial instruments such as forward contracts and assets held for sale) measured at fair Value.

(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 Lakhs 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 recognised 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 recognised 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.

2.0 Significant Accounting Policies (Contd.)

d) Revenue recognition

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and are net of returns, trade allowances, rebates, discounts and value added tax/ goods and services tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below:

(i) Sale of goods

Revenue from the sale of goods is recognised when significant risk and rewards of ownership are transferred to the customer. In case of domestic customer, sales take place on delivery of goods. In case of export customer, sales take place when goods are shipped on board based on bill of lading.

(ii) Job work receipts

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

(iii) Export incentives

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

(iv) Interest income

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

(v) 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 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.

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 excepted to apply when the related deferred income-tax assets are realised or the deferred income-tax liabilities are settled.

2.0 Significant Accounting Policies (Contd.)

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 recognised 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.

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

The Company has elected for the one time transition exemption of considering the carrying cost on the transition date i.e. April 1, 2016 as the deemed cost under Ind AS. Hence regarded thereafter as historical cost.

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 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 of Kanpur Unit and Temra Unit (located at Bilaspur) where depreciation is provided on Straight Line Method ('SLM').

2.0 Significant Accounting Policies (Contd.)

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 being continuous process plants, required and designed to operate for 24 hours a day, where the useful life has been estimated, based on independent technical evaluation, as 18 years, which is 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
Plant & equipment	5-18 years
Furniture and fixtures	5-10 years
Office equipment (including computers, computers equipment and servers)	3-10 years
Vehicles	8-10 years

Assets individually costing ₹0.10 Lakhs or less are fully depreciated within the year of acquisition. Residual value of tangible assets is considered to be not more than 5% of the cost.

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.

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least 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 recognised 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) Leases

Operating lease

As a lessee

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Payments under operating lease are recorded in the statement of profit and loss on a straight line basis over the

2.0 Significant Accounting Policies (Contd.)

period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Initial premium paid on leasehold land is amortized on straight line basis over the period of lease.

m) Inventories

Items of inventories are valued at the lower of cost and net realisable value after providing for obsolescence, if any. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is ascertained on the 'weighted average' basis. Inventory of finished goods and work-in-progress is valued on full absorption cost incurred in bringing the inventories to their present location and condition. Goods-in-transit are stated at cost. Wastes and scraps are valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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.

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 recognised in the statement of profit and loss.

2.0 Significant Accounting Policies (Contd.)

(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 plans 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.

Remeasurement 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.

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) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not measured at fair value through profit or loss are added 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

Financial assets

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 are solely payments of principal and interest on the principal amount outstanding.

2.0 Significant Accounting Policies (Contd.)

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 fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortised 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

Financial assets

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.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Impairment of financial assets

The Company assesses impairment based on expected credit losses ('ECL') model at an amount equal to 12 months expected credit losses, or Lifetime expected credit losses depending upon whether there has been a significant increase in credit risk since initial recognition.

However, for trade receivables, the Company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

s) Derivative financial instruments

The Company uses derivative financial instruments, such as forward contracts, 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.

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.

2.0 Significant Accounting Policies (Contd.)

(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) Recent accounting pronouncements

Amendments to Ind AS 115, 'Revenue from Contracts with Customers':

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ('amended rules'). As per the amended rules, Ind AS 115, 'Revenue from Contracts with Customers' supersedes Ind AS 11, 'Construction Contracts' and Ind AS 18, 'Revenue' and is applicable for all accounting periods commencing on or after April 1, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Cumulative catch-up approach – Under this approach, the standard will be applied retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The Company is evaluating the requirement of the amendment and the impact on the Ind AS Financial Statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Amendments to Annexure B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration':

The amended rules, containing Appendix B to Ind AS 21, 'Foreign Currency Transactions and Advance Consideration', clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirement of the amendment and the impact on the Ind AS Financial Statements. The effect on adoption of amended Ind AS 21 is expected to be insignificant.

3.1 PROPERTY, PLANT AND EQUIPMENT							(₹ in Lakhs)
	Freehold land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total
Gross block							
As at April 1, 2016 (Deemed Cost)	1,129.49	7,564.48	26,046.85	126.36	254.01	199.67	35,320.86
Additions	-	-	230.71	5.40	30.78	69.20	336.09
Disposals	-	-	(18.69)	-	(1.16)	(9.47)	(29.32)
As at March 31, 2017	**1,129.49**	**7,564.48**	**26,258.87**	**131.76**	**283.63**	**259.40**	**35,627.63**
Additions	105.70	1,156.66	8,362.42	25.53	79.20	48.16	9,777.67
Disposals	-	-	(401.41)	(8.43)	(28.44)	(42.73)	(481.01)
As at March 31, 2018	**1,235.19**	**8,721.14**	**34,219.88**	**148.86**	**334.39**	**264.83**	**44,924.29**
Accumulated depreciation							
As at April 1, 2016	-	1,380.95	7,867.78	98.57	187.09	155.70	9,690.09
Charge for the year	-	340.30	1,631.74	11.81	38.63	21.83	2,044.31
Disposals	-	-	(13.46)	-	(1.10)	(8.59)	(23.15)
As at March 31, 2017	-	1,721.25	9,486.06	110.38	224.62	168.94	11,711.25
Charge for the year	-	326.30	1,619.81	10.27	46.71	37.58	2,040.67
Disposals	-	-	(340.59)	(7.92)	(26.90)	(37.01)	(412.42)
As at March 31, 2018	**-**	**2,047.55**	**10,765.28**	**112.73**	**244.43**	**169.51**	**13,339.50**
Net block							
As at April 1, 2016	**1,129.49**	**6,183.53**	**18,179.07**	**27.79**	**66.92**	**43.97**	**25,630.77**
As at March 31, 2017	**1,129.49**	**5,843.23**	**16,772.81**	**21.38**	**59.01**	**90.46**	**23,916.38**
As at March 31, 2018	**1,235.19**	**6,673.59**	**23,454.60**	**36.13**	**89.96**	**95.32**	**31,584.79**

3.2 The Company has elected to measure all its property, plant and equipment at the Indian GAAP carrying amount on March 31, 2016 as its deemed cost (gross block value) on the date of transition to Ind AS i.e. April 1, 2016.

3.3 All property, plant and equipment are charged as security for the term loan and working capital loan facilities from banks and others, to secure their respective dues (refer notes 12.1 and 27).

3.4 Refer note 30.1 for contractual commitment for the acquisition of property, plant and equipment.

3.5 **Capitalized borrowing costs**

The amount of borrowing costs capitalized in buildings and plant & equipment during the year ended March 31, 2018 was ₹377.50 Lakhs (March 31, 2017: Nil, April 1, 2016: Nil). The rate used to determine the amount of borrowing costs eligible for capitalization is the actual rate on specific loan as well as weighted average interest rate applicable to the Company's general borrowings during the year.

3.6 CAPITAL WORK-IN-PROGRESS	(₹ in Lakhs)
As at April 1, 2016	53.99
As at March 31, 2017	965.32
As at March 31, 2018	92.66

4.0 INTANGIBLE ASSETS				(₹ in Lakhs)
Particulars	Technical Knowhow	Software	Intangible assets under development	Total
Gross block				
As at April 1, 2016 (deemed cost)	14.63	51.93	11.40	77.96
Additions	-	8.12	11.41	19.53
Disposals	-	-	-	-
As at March 31, 2017	14.63	60.05	22.81	97.49
Additions	-	0.25	137.26	137.51
Disposals	-	-	-	-
As at March 31, 2018	14.63	60.30	160.07	235.00
Accumulated amortization				
As at April 1, 2016	14.63	32.63	-	47.26
Amortization for the year	-	8.45	-	8.45
Disposals	-	-	-	-
As at March 31, 2017	14.63	41.08	-	55.71
Amortization for the year	-	7.70	-	7.70
Disposals	-	-	-	-
As at March 31, 2018	14.63	48.78	-	63.41
Net block				
As at April 1, 2016	-	19.30	11.40	30.70
As at March 31, 2017	-	18.97	22.81	41.78
As at March 31, 2018	-	11.52	160.07	171.59

The Company has elected to measure all its intangible assets at the Indian GAAP carrying amount on March 31, 2016 as its deemed cost (gross block value) on the date of transition to Ind AS i.e. April 1, 2016.

			(₹ in Lakhs)
Net book value	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
4.1 Intangible assets	11.52	18.97	19.30
4.2 Intangible assets under development*	160.07	22.81	11.40

*Intangible assets under development represent the cost of ERP software which is under implementation by the Company.

5.0 NON-CURRENT FINANCIAL ASSETS			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
5.1 LOANS			
Loans to employees (unsecured, considered good)	5.74	12.89	37.51
Sub-total	5.74	12.89	37.51
Refer note 37 for information about credit risk and market risk for loans.			
5.2 OTHERS			
Bank deposits with remaining maturity of more than twelve months*	56.05	55.68	28.98
Sub-total	56.05	55.68	28.98
Total	61.79	68.57	66.49

*held as lien by banks against bank guarantees amounting to ₹55.34 Lakhs (March 31, 2017: ₹23.83 Lakhs and April 1, 2016: Nil).

6.0 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	97.74	746.52	-
Security deposits	312.01	243.61	239.13
Balances with Government authorities	-	36.40	31.45
Prepaid expenses*	128.39	128.20	129.82
Total	**538.14**	**1,154.73**	**400.40**

*includes unamortized non-current portion of leasehold land.

7.0 INVENTORIES

(At the lower of cost and net realisable value)

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	5,863.52	3,589.64	2,032.71
Raw materials (in-transit)	-	-	2.67
Work-in-progress	900.92	693.59	506.95
Finished goods	4,154.29	3,308.36	3,038.77
Finished goods (in-transit)	757.72	-	-
Stock-in-trade	213.41	215.47	72.49
Stock-in-trade (in-transit)	14.38	-	-
Stores and spares	1,413.89	1,418.35	1,273.30
Total	**13,318.13**	**9,225.41**	**6,926.89**

Cost of inventories amounting to ₹43.14 Lakhs (March 31, 2017: ₹19.10 Lakhs, April 1, 2016: ₹53.64 Lakhs) in respect of write-downs of inventory to net realisable value has been recognised as an expense in the statement of profit and loss.

8.1 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade receivables	8,003.80	5,676.37	5,011.37
Less: Allowance for doubtful trade receivables	(142.48)	(70.87)	(37.83)
Total	**7,861.32**	**5,605.50**	**4,973.54**
Break-up of security details:			
Secured, considered good	363.60	-	-
Unsecured, considered good	7,497.72	5,605.50	4,973.54
Doubtful	142.48	70.87	37.83
	8,003.80	**5,676.37**	**5,011.37**
Less: Allowance for doubtful trade receivables	(142.48)	(70.87)	(37.83)
Total	**7,861.32**	**5,605.50**	**4,973.54**

Notes:

1) 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 is a partner, a director or a member.

2) No trade receivables are due from any other related party.

3) Refer note 37 for information about credit risk and market risk of trade receivables.

8.2 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks:			
- On current accounts	197.93	279.88	133.68
- Deposits with original maturity of less than three months	14.24	-	-
Cheques on hand	0.33	67.08	40.47
Cash on hand	6.65	10.00	8.28
Total	**219.15**	**356.96**	**182.43**

8.3 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unclaimed dividend (Earmarked)	71.18	67.04	61.74
Deposits with original maturity of more than three months*	182.83	638.42	104.48
Total	**254.01**	**705.46**	**166.22**

*held as lien by banks against bank guarantees and letter of credits amounting of ₹81.29 Lakhs (March 31, 2017: ₹517.25 Lakhs and April 1, 2016: ₹51.75 Lakhs).

8.4 LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Loans to employees	2.89	3.99	4.09
Total	**2.89**	**3.99**	**4.09**

Note: Refer note 37 for information about credit risk and market risk for loans.

8.5 OTHER CURRENT FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Interest receivable on fixed deposits and others	15.42	16.06	8.31
Mark to market of derivative financial instruments	-	9.55	21.83
Total	**15.42**	**25.61**	**30.14**

9.0 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good			
Security deposits	16.42	16.09	13.92
Advances to suppliers	1,317.95	400.28	297.74
Advances to employees and others	26.16	23.78	24.52
Prepaid expenses*	98.93	92.26	65.87
Balances with Government authorities	143.02	288.60	109.77
Insurance claim receivable	-	2.25	-
Interest subsidy receivable	8.05	77.05	119.37
Interest receivable - others	28.96	19.64	21.08

9.0 OTHER CURRENT ASSETS (Contd.)			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Export incentives receivable	67.54	31.64	84.53
Sub-total	**1,707.03**	**951.59**	**736.80**
Doubtful			
Advances to suppliers	6.94	4.15	25.80
Less: Allowance for doubtful advances	(6.94)	(4.15)	(25.80)
Sub-total	-	-	-
Total	**1,707.03**	**951.59**	**736.80**

*includes unamortized current portion of leasehold land.

10.0 ASSETS CLASSIFIED AS HELD FOR SALE/ DISPOSAL			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discarded fixed assets held for disposal	-	0.53	1.97
Total	**-**	**0.53**	**1.97**

11.1 SHARE CAPITAL			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
34,000,000 (March 31, 2017: 24,000,000 and April 1, 2016: 24,000,000) equity shares of ₹10/- each	3,400.00	2,400.00	2,400.00
2,150,000 (March 31, 2017: 3,150,000 and April 1, 2016: 3,150,000) preference shares of ₹100/- each	2,150.00	3,150.00	3,150.00
Total	**5,550.00**	**5,550.00**	**5,550.00**
Issued, subscribed and fully paid up			
19,176,877 (March 31, 2017: 19,176,877 and April 1, 2016: 19,176,877) equity shares of ₹10/- each	1,917.69	1,917.69	1,917.69
Total	**1,917.69**	**1,917.69**	**1,917.69**

Notes:

i) Reconciliation of number of shares outstanding at the beginning and at the end of the year:

			(₹ in Lakhs)
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	(Nos.)	(Nos.)	(Nos.)
EQUITY SHARES			
As at the beginning of the year	19,176,877	19,176,877	16,201,000
Add: Shares issued during the year	-	-	2,975,877
As at the end of the year	19,176,877	19,176,877	19,176,877

ii) **The rights, preferences and restrictions attaching 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.

11.1 SHARE CAPITAL (Contd.)

iii) Shares in the Company held by each shareholder holding more than five per cent:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos.	% holding	Nos.	% holding	Nos.	% holding
Equity shares of ₹10/- each fully paid up						
MCAP India Fund Limited	2,975,877	15.52	2,975,877	15.52	2,975,877	15.52
GPL Finance Limited	2,123,201	11.07	2,123,201	11.07	2,123,201	11.07
Shyam Sunder Sharmma	1,938,927	10.11	1,938,927	10.11	1,938,927	10.11
Rajesh Sharma	1,095,529	5.71	1,095,529	5.71	1,095,529	5.71
SBI Mutual Fund	1,030,175	5.37	1,424,605	7.43	1,364,250	7.11

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.

11.2 OTHER EQUITY (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital redemption reserve	450.00	450.00	450.00
Capital reserve	225.28	225.28	225.28
Securities premium reserve	4,389.60	4,389.60	4,389.60
General reserve	264.13	264.13	264.13
Retained earnings	19,036.80	15,772.47	13,064.58
Total	**24,365.81**	**21,101.48**	**18,393.59**
(a) Capital redemption reserve			
Opening balance	450.00	450.00	450.00
Adjustment during the year	-	-	-
Closing balance	450.00	450.00	450.00
(b) Capital reserve			
Opening balance	225.28	225.28	225.28
Adjustment during the year	-	-	-
Closing balance	225.28	225.28	225.28
(c) Securities premium reserve			
Opening balance	4,389.60	4,389.60	1,294.69
Received during the year	-	-	3,094.91
Closing balance	4,389.60	4,389.60	4,389.60
(d) General reserve			
Opening balance	264.13	264.13	264.13
Adjustment during the year	-	-	-
Closing balance	264.13	264.13	264.13
(e) Retained earnings			
Opening balance	15,772.47	13,064.58	10,759.04
Adjustment during the year			
Net profit for the year	3,523.08	2,982.65	2,481.12
Other comprehensive income (net) for the year	18.22	2.21	-
Mark to market gain on forward contracts	-	-	21.83
Prior period items	-	-	(5.57)
Proposed dividend	(230.12)	(230.12)	(159.39)
Dividend distribution tax	(46.85)	(46.85)	(32.45)
Closing balance	**19,036.80**	**15,772.47**	**13,064.58**
Total (a to e)	**24,365.81**	**21,101.48**	**18,393.59**

11.2 OTHER EQUITY (Contd.)

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 reserve

Securities premium reserve 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.

12.0 BORROWINGS

(₹ in Lakhs)

Particulars	Non-current			Current maturities		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings						
Term loans						
- from banks (secured)	3,823.53	2,066.55	5,013.94	1,552.50	2,804.61	2,575.31
- State Government (secured) (refer footnote (iv) below)	28.72	12.40	-	-	-	-
- from others (secured)	-	4.89	61.03	4.89	56.14	128.41
- from others (unsecured)	-	-	-	-	-	11.77
Foreign currency loans from banks (secured)	626.39	622.83	1,150.08	-	401.76	308.03
Buyers credit from bank in foreign currency (secured)	3,222.82	-	322.01	-	430.09	117.66
Loans from directors (unsecured)	110.00	328.00	106.00	-	-	-
Loans from directors' relatives (related parties) (unsecured)	501.25	631.25	521.75	-	-	85.00
	8,312.71	**3,665.92**	**7,174.81**	**1,557.39**	**3,692.60**	**3,226.18**
Current borrowings						
Working capital loans from banks						
- Rupee loans (secured)	9,038.41	6,115.06	4,308.48			
- Foreign currency loans (secured)	-	0.37	0.39			
Loans repayable on demand						
- from directors (unsecured)	565.00	-	187.00			
- from directors' relatives and other related parties (unsecured)	310.00	137.50	100.25			
- from others (unsecured)	-	-	51.50			
	9,913.41	**6,252.93**	**4,647.62**			

Notes:

i) Refer note 12.1 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.

iii) Refer note 37 for liquidity risk.

iv) Loans discounted to their present value using the average interest rate on borrwoings and the differential loan amount has been disclosed as government grant.

12.0 BORROWINGS (Contd.)

v) Net debt reconciliation			(₹ in Lakhs)
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	219.15	356.96	182.43
Current and non-current borrowings (including current maturities)	(19,783.51)	(13,611.45)	(15,048.61)
Interest payable (net of interest subsidy receivable)	(77.70)	11.21	14.65
Net debt	**(19,642.06)**	**(13,243.28)**	**(14,851.53)**

(₹ in Lakhs)

Particulars	Cash and cash equivalents	Current and non-current borrowings (including current maturities)	Interest payable (net of interest subsidy receivable)	Total
Net debt as at April 1, 2016	**182.43**	**(15,048.61)**	**14.65**	**(14,851.53)**
Cash flows	174.53	1,397.73	-	1,572.26
Other non-cash movements				
- foreign exchange adjustments	-	28.79	-	28.79
- fair value adjustments	-	10.64	0.62	11.26
Interest expense	-	-	(1,387.13)	(1,387.13)
Interest paid	-	-	1,383.07	1,383.07
Net debt as at April 1, 2017	**356.96**	**(13,611.45)**	**11.21**	**(13,243.28)**
Cash flows	(137.81)	(5,863.44)	-	(6,001.25)
Other non-cash movements				
- foreign exchange adjustments	-	(321.72)	-	(321.72)
- fair value adjustments	-	13.10	1.55	14.65
Interest expense	-	-	(1,304.81)	(1,304.81)
Interest paid	-	-	1,214.35	1,214.35
Net debt as at March 31, 2018	**219.15**	**(19,783.51)**	**(77.70)**	**(19,642.06)**

12.1 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 ₹950.00 Lakhs (March 31, 2017: ₹980.00 Lakhs and April 1, 2016: ₹1,000.00 Lakhs) 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 personal guarantees of the executive directors of the Company.	Repayable in 20 quarterly installments starting from June 2016. Last installment due in March 2021. Rate of interest 10.50% p.a. as at the year end (March 31, 2017: 10.50% p.a. and April 1, 2016: 10.50% p.a.).
2	Term loan from bank, balance outstanding amounting to ₹ Nil (March 31, 2017: ₹430.44 Lakhs and April 1, 2016: ₹722.01 Lakhs), including buyer's credit, balance outstanding amounting to Nil (March 31, 2017: ₹430.09 Lakhs and April 1, 2016: ₹439.67 Lakhs) 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 the executive directors of the Company and others.	Repaid in March 2018. Rate of interest NA as at the year end. (March 31, 2017: 9.70% p.a. and April 1, 2016: 11.00% p.a.) [Buyers credit: Rate of interest NA as at the year end (March 31, 2017: 1.69% p.a. and April 1, 2016: 1.92% p.a.)].

12.1 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 Nil (March 31, 2017: ₹1,799.49 Lakhs and April 1, 2016: ₹3,299.49 Lakhs) 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 the executive directors of the Company and others.	Repaid in March 2018. Rate of interest NA as at the year end (March 31, 2017: 9.70% p.a. and April 1, 2016: 11.00% p.a.)^.
4	Term loan from bank, balance outstanding amounting to ₹1,749.17 Lakhs (March 31, 2017: ₹2,791.37 Lakhs and April 1, 2016: ₹3,868.90 Lakhs), including foreign currency loan, balance outstanding amounting to ₹626.39 Lakhs (March 31, 2017: ₹1,024.59 Lakhs and April 1, 2016: ₹1,458.11 Lakhs), 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 the executive directors of the Company and others.	Repayable in 18 quarterly installments starting from October 2015 and last installment falling due in January 2020. Rate of interest 9.90% p.a. as at the year end (March 31, 2017: 9.70% p.a. and April 1, 2016: 11.00% p.a.) [Foreign currency loan: Rate of interest 5.10% p.a. as at the year end (March 31, 2017: 5.32% p.a. and April 1, 2016: 4.84% p.a.)].
5	Term loan from bank, balance outstanding amounting to ₹2,768.12 Lakhs (March 31, 2017: Nil and April 1, 2016: Nil), including buyers credit, balance outstanding amounting to ₹2,088.84 Lakhs (March 31, 2017: Nil and April 1, 2016: Nil), 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 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 9.55% p.a. (Buyers credit: Rate of interest 0.28% p.a.) as at the year end.
6	Term loan from bank, balance outstanding amounting to ₹3,757.95 Lakhs (March 31, 2017: Nil and April 1, 2016: Nil), including buyers credit, balance outstanding amounting to ₹1,133.98 Lakhs (March 31, 2017: Nil and April 1, 2016: Nil), 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 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 9.60% p.a. (Buyers credit: Rate of interest ranging from 0.28% to 2.39% p.a.) as at the year end.

12.1 NATURE OF SECURITY AND TERMS OF REPAYMENT FOR NON-CURRENT BORROWINGS (INCLUDING THEIR CURRENT MATURITIES): (Contd.)

	Nature of security	Terms of repayment
7	Term loan from bank, balance outstanding amounting to Nil (March 31, 2017: ₹324.54 Lakhs and April 1, 2016: ₹596.63 Lakhs), 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 the executive directors of the Company and others.	Repaid in May 2017. Rate of interest NA as at the year end (March 31, 2017: 12.95% p.a. and April 1, 2016: 12.75% p.a.).
8	Term loans from others, balance outstanding amounting to ₹4.89 Lakhs (March 31, 2017: ₹61.03 Lakhs and April 1, 2016: ₹189.44 Lakhs), is secured by way of exclusive charge against the specific asset financed under the loan.	Repayable in equated monthly installments starting from March 2013 and last installment falling due in May 2018. Rate of interest is 13.50% p.a. throughout the tenure of the loan.
9	Loan from U.P. Government, balance outstanding amounting to ₹23.04 Lakhs (March 31, 2017: ₹23.04 Lakhs and April 1, 2016: Nil), 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.
10	Loan from U.P. Government, balance outstanding amounting to ₹29.42 Lakhs (March 31, 2017: Nil and April 1, 2016: Nil), is secured by way of bank guarantee of equivalent amount.	Repayable in January 2025. The loan is interest free.
11	Unsecured term loan from others, balance outstanding amounting to ₹Nil (March 31, 2017: Nil and April 1, 2016: ₹11.77 Lakhs).	Repaid in October 2016. Rate of interest NA as at the year end (March 31, 2017: NA and April 1, 2016: 16.75% p.a.).
12	Unsecured loans from directors and their relatives amounting to ₹611.25 Lakhs (March 31, 2017: ₹959.25 Lakhs and April 1, 2016: ₹712.75 Lakhs).	Repayable during 2020-21. Rate of interest 9.00% p.a. as at the year end (March 31, 2017: 9.00% p.a and April 1, 2016: 10.00% 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 ₹9,038.41 Lakhs (March 31, 2017: ₹6,115.43 Lakhs and April 1, 2016: ₹4,308.87 Lakhs), including foreign currency loan, outstanding amounting to Nil (March 31, 2017: ₹0.37 Lakhs and April 1, 2016: ₹0.39 Lakhs) 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 (except those charged/ hypothecated exclusively against specific loan) of the Company and personal guarantees of executive directors of the Company and others.	Repayable on demand. Rate of interest is ranging from 8.60% to 13% p.a. over the tenure of the loans.
2	Unsecured loans from directors, director's relatives and other related parties and others amounting to ₹875.00 Lakhs (March 31, 2017: ₹137.50 Lakhs and April 1, 2016: ₹338.75 Lakhs).	Repayable on demand. Rate of interest 9.00% p.a. as at the year end (March 31, 2017: 9.00% p.a and April 1, 2016: 10.00% p.a.).

^Rate of Interest is without considering interest subsidy under TUF scheme.

12.2 The Company has not defaulted on any loans payable during the year and has satisfied all debt covenants prescribed in terms of the loans.

13.0 GOVERNMENT GRANTS			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
At the beginning of the year	195.67	197.24	-
Received during the year*	259.46	11.26	197.24
Released to the statement of profit and loss	(16.46)	(12.83)	-
At the end of the year	438.67	195.67	197.24
13.1 Current	29.29	13.60	11.99
13.2 Non-current	409.38	182.07	185.25

*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.

14.1 TRADE PAYABLES			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables (refer note 34)	5,331.83	3,401.41	2,226.90
Total	**5,331.83**	**3,401.41**	**2,226.90**

Refer note 37 for information about liquidity risk and market risk of trade payables.

14.2 OTHER CURRENT FINANCIAL LIABILITIES			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of long-term borrowings	1,557.39	3,692.60	3,226.18
Interest accrued	85.75	65.84	104.72
Unclaimed dividends*	71.18	67.04	61.74
Total	**1,714.32**	**3,825.48**	**3,392.64**

* During the year, the Company has transferred ₹4.64 Lakhs (March 31, 2017: ₹3.97 Lakhs and April 1, 2016: Nil) to Investor Education and Protection Fund towards unclaimed dividend and there are no overdue amounts as at the balance sheet date.

15.0 OTHER CURRENT LIABILITIES			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Creditors for capital expenditure	337.60	303.74	218.43
Advance from customers	21.77	90.25	67.02
Statutory dues payables	399.09	125.25	114.33
Other payables	2,096.01	1,922.20	1,439.98
Total	**2,854.47**	**2,441.44**	**1,839.76**

16.0 PROVISIONS			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee benefits			
16.1 NON-CURRENT			
Leave obligations	55.63	60.21	37.78
Gratuity (refer note 29.1)	391.39	347.08	283.02
Total	**447.02**	**407.29**	**320.80**
16.2 CURRENT			
Leave obligations	20.94	21.28	13.74
Gratuity (refer note 29.1)	70.31	52.30	45.74
Total	**91.25**	**73.58**	**59.48**

17.1 CURRENT TAX LIABILITIES (NET)			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Income-tax	126.10	133.03	65.29
Total	**126.10**	**133.03**	**65.29**

17.2 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax assets	468.17	235.18	197.40
Deferred tax liabilities	(2,415.20)	(1,660.67)	(1,413.80)
Deferred tax liabilities (net)	**(1,947.03)**	**(1,425.49)**	**(1,216.40)**
Less: MAT credit entitlement	1,633.39	1,819.58	2,247.79
Total	**(313.64)**	**394.09**	**1,031.39**

17.2.a MOVEMENT OF DEFERRED TAX ASSETS/ (LIABILITIES) (NET)			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax assets/ (liabilities) (net)			
As at the beginning of the year	(1,425.49)	(1,216.40)	(962.73)
Charge/ (credit) to statement of profit and loss*	521.54	209.09	253.67
Sub-total	**(1,947.03)**	**(1,425.49)**	**(1,216.40)**
Less: MAT credit entitlement	1,633.39	1,819.58	2,247.79
Total	**(313.64)**	**394.09**	**1,031.39**

*Deferred tax on remeasurement gain on defined benefit obligation of ₹7.85 Lakhs (March 31, 2017: ₹1.17 Lakhs) has been taken to other comprehensive income.

17.2.b COMPONENTS OF DEFERRED TAX ASSETS/ (LIABILITIES)			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred tax liability			
Property, plant and equipment	(2,415.20)	(1,660.67)	(1,413.80)
Sub-total	**(2,415.20)**	**(1,660.67)**	**(1,413.80)**
Deferred tax asset			
Expenses allowed in the year of payment	272.61	209.22	175.38
Provision for doubtful trade receivables and advances	51.71	25.96	22.02
Others	143.85	-	-
Sub-total	**468.17**	**235.18**	**197.40**
Deferred tax assets/ (liabilities) (net)	(1,947.03)	(1,425.49)	(1,216.40)
Less: MAT credit entitlement	1,633.39	1,819.58	2,247.79
Total	**(313.64)**	**394.09**	**1,031.39**

18.0 REVENUE FROM OPERATIONS		(₹ in Lakhs)
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products*		
Finished goods	72,625.40	65,850.33
Stock-in-trade	2,498.41	2,125.09
Sub-total	**75,123.81**	67,975.42
Other operating revenues		
Sale of manufacturing scrap	184.08	147.01
Job work receipts	5.01	6.20
Insurance claims received	14.19	53.17
Export incentive	191.72	307.40
Refund of service tax	4.37	16.05
Refund of excise duty	88.73	-
Provision for doubtful trade receivables written back	28.84	27.64
Liabilities no longer required written back	111.63	90.14
Bad debts recovered	1.75	-
Others	1.14	-
Sub-total	**631.46**	**647.61**
Total	**75,755.27**	**68,623.03**

*Sale of products includes excise duty collected from customers of ₹380.64 Lakhs (March 31, 2017: ₹1,177.66 Lakhs). Sale of products net of excise duty is ₹74,743.17 Lakhs (March 31, 2017: ₹66,797.76 Lakhs). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Services Tax ('GST'). The Company collects GST on behalf of the Government and hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for year ended March 31, 2018 and March 31, 2017 are not comparable.

19.0 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income	58.30	51.14
Government grants*	240.04	12.83
Gain on foreign currency fluctuations and translations (net)	-	155.39
Other non-operating income	2.09	6.70
Total	**300.43**	**226.06**

*Government grants for the year ended March 31, 2018 includes ₹223.58 Lakhs (March 31, 2017: Nil) received by the Company from Handloom & Textile Industry Department against the interest expense incurred on term loans taken from banks and further includes ₹16.46 Lakhs (March 31, 2017: ₹12.83 Lakhs) against reversal of deferred Government grant.

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

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories at the end of the year*		
Finished goods	4,912.01	3,308.36
Stock-in-trade	227.79	215.47
Work-in-progress	900.92	693.59
Sub-total	**6,040.72**	**4,217.42**
Inventories of trial run production		
Finished goods	604.19	-
Work-in-progress	35.54	-
Sub-total	**639.73**	**-**
Less: Inventories at the beginning of the year		
Finished goods	3,308.36	3,038.77
Stock-in-trade	215.47	72.49
Work-in-progress	693.59	506.95
Sub-total	**4,217.42**	**3,618.21**
Total	**(1,183.57)**	**(599.21)**

*including goods-in-transit.

21.0 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	4,075.29	3,910.45
Contribution to provident and other funds (refer note 29.2)	172.58	169.40
Gratuity expense (refer note 29.1)	104.29	91.03
Staff welfare expenses	98.79	92.79
Total	**4,450.95**	**4,263.67**

22.0 OTHER EXPENSES (₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Manufacturing expenses		
Consumption of stores and spares	1,981.49	1,901.73
Excise duty on increase/ (decrease) in inventory	(16.85)	(8.00)
Power and fuel	7,776.00	7,241.97
Processing charges	985.51	370.23
Repairs and maintenance		
- Plant and machinery	327.86	267.88
- Buildings	98.68	157.34
Sub-total	**11,152.69**	**9,931.15**
B. Administrative expenses		
Rent (refer note 31)	95.70	83.83
Rates and taxes	14.09	11.87
Insurance	101.33	91.57
Repairs and maintenance - others	40.55	35.56
CSR expenditure (refer note 32)	73.08	60.78
Travelling and conveyance	149.89	122.77
Communication costs	46.60	63.31
Printing and stationery	35.20	29.28
Legal and professional fee	46.26	171.53
Cost auditors' remuneration	0.80	0.92
Directors' sitting fee	2.10	1.65
Payment to auditor (refer details below)	9.21	7.81
Bad debts/ advances written off	22.15	22.71
Allowances for doubtful trade receivables and advances	103.24	39.03
Loss on sale/ discard of property, plant and equipment (net)	61.88	0.78
Miscellaneous expenses	121.87	110.00
Vehicle running and maintenance	79.18	75.05
Commission to non-executive directors	30.00	23.75
Security service charges	128.45	116.68
Loss on foreign currency fluctuations and translations (net)	5.65	-
Amortization of leasehold land	1.61	1.61
Sub-total	**1,168.84**	**1,070.49**
C. Selling expenses		
Freight and forwarding charges	2,059.69	1,552.93
Other selling and distribution expenses	214.12	256.89
Sub-total	**2,273.81**	**1,809.82**
Total	**14,595.34**	**12,811.46**
Break up of payment to auditor		
As auditor:		
- Audit fee	5.50	6.29
- Tax audit fee	0.50	0.86
- Limited review fee	1.08	-
In other capacity		
- Other services (certification fee)	1.98	0.54
- Reimbursement of expenses	0.15	0.12
Total	**9.21**	**7.81**

23.0 DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on property, plant and equipment	2,040.67	2,044.31
Amortization of intangible assets	7.70	8.45
Total	**2,048.37**	**2,052.76**

24.0 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest*	1,304.81	1,387.13
Exchange differences regarded as an adjustment to borrowing cost	47.43	-
Other borrowing costs	105.01	100.61
Total	**1,457.25**	**1,487.74**

*Net of subsidy of ₹23.13 Lakhs (March 31, 2017: ₹114.38 Lakhs) under the Technology Upgradation Fund ('TUF') Scheme of the Government of India.

25.0 TAX EXPENSE

25.1 THE MAJOR COMPONENTS OF INCOME-TAX EXPENSE ARE AS UNDER:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A) Profit and loss section		
Current tax		
In respect of current year	1,371.44	1,418.84
In respect of earlier years	25.81	7.97
Sub-total	**1,397.25**	**1,426.81**
Deferred tax		
Relating to origination and reversal of temporary differences	513.69	207.92
Sub-total	**513.69**	**207.92**
MAT credit entitlement		
In respect of earlier years	(25.40)	(4.14)
Sub-total	**(25.40)**	**(4.14)**
Income tax expense reported in the statement of profit and loss	**1,885.54**	**1,630.59**
B) Other comprehensive income ('OCI') section		
Deferred tax related to items recognized in OCI during the year:		
Re-measurement gain on defined benefit obligation	7.85	1.17
Income-tax charged to OCI	**7.85**	**1.17**

25.2 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 Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting profit before income-tax	5,408.62	4,613.24
Enacted income-tax rate applicable to the Company	34.608%	34.608%
Current tax expense on profit before tax at the enacted income-tax rate	**1,871.82**	**1,596.55**
Adjustments in respect of current income-tax of earlier years	25.81	7.97
Adjustments in respect of MAT credit of earlier years	(25.40)	(4.14)
Permanent disallowances	25.94	21.04
Others	(12.63)	9.17
Total income-tax expense	**1,885.54**	**1,630.59**

Consequent to reconciliation items shown above, the effective tax rate is 34.862% (March 31, 2017: 35.346%).

26.0 FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended March 31, 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). For the purpose of transition from Indian GAAP to Ind AS, the Company has followed the guidance prescribed under the Ind AS 101, 'First-time Adoption of Indian Accounting Standards', with effect from April 1, 2016 ('transition date').

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements as at and for the year ended March 31, 2017 and in preparation of the opening Ind AS balance sheet as at April 1, 2016. This note explains how the transition from Indian GAAP to Ind AS has affected the Company's balance sheet and financial performance.

Exemptions/ exception availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Indian GAAP to Ind AS:

(i) Ind AS optional exemptions

Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, 'Intangible Assets'.

Accordingly, the Company has elected to measure all of its property, plant and equipment as well as intangible assets at their Indian GAAP carrying value. There are no decommissioning liabilities of the Company.

(ii) Ind AS mandatory exceptions

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance the previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP.

Reconciliations between Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flow for prior periods. The presentation requirements under Indian GAAP differs from Ind AS, and hence, Indian GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped Indian GAAP information is derived from the financial statements of the Company prepared in accordance with Indian GAAP. The following tables represent the reconciliations from Indian GAAP to Ind AS.

26.0 FIRST-TIME ADOPTION OF IND AS (Contd.)

A. Reconciliation of equity as at date of transition (April 1, 2016) (₹ in Lakhs)

	Notes to first-time adoption	Indian GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	a(i), a(ii)	25,564.96	65.81	25,630.77
(b) Capital work-in-progress		53.99	-	53.99
(c) Other Intangible assets		19.30	-	19.30
(d) Intangible assets under development		11.40	-	11.40
(e) Financial assets				
(i) Loans		37.51	-	37.51
(ii) Others		28.98	-	28.98
(f) Deferred tax assets(net)		1,031.39	-	1,031.39
(g) Other non-current assets	a(ii)	270.58	129.82	400.40
Total non-current assets		**27,018.11**	**195.63**	**27,213.74**
(2) Current assets				
(a) Inventories		6,926.89	-	6,926.89
(b) Financial assets				
(i) Trade receivables		4,973.54	-	4,973.54
(ii) Cash and cash equivalents		182.43	-	182.43
(iii) Bank balances other than (ii) above		166.22	-	166.22
(iv) Loans		4.09	-	4.09
(v) Others	b	8.31	21.83	30.14
(c) Other current assets	a(ii)	735.19	1.61	736.80
Assets classified as held for sale/ disposal		1.97	-	1.97
Total current assets		**12,998.64**	**23.44**	**13,022.08**
Total assets		**40,016.75**	**219.07**	**40,235.82**
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital		1,917.69	-	1,917.69
(b) Other equity	b, c, d	18,100.36	293.23	18,393.59
Total equity		**20,018.05**	**293.23**	**20,311.28**
(2) Liabilities				
(2A) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings		7,174.81	-	7,174.81
(b) Deferred tax liabilities (net)		-	-	-
(c) Government grants	a(i)	-	185.25	185.25
(d) Provisions		320.80	-	320.80
Total non-current liabilities		**7,495.61**	**185.25**	**7,680.86**
(2B) Current liabilities				
(a) Financial liabilities				
(i) Borrowings		4,647.62	-	4,647.62
(ii) Trade payables		2,226.90	-	2,226.90
(iii) Other financial liabilities		3,392.64	-	3,392.64
(b) Government grants	a(i)	-	11.99	11.99
(c) Other current liabilities	d	1,834.19	5.57	1,839.76
(d) Provisions	c	336.45	(276.97)	59.48
(e) Current tax liabilities (net)		65.29	-	65.29
Total current liabilities		**12,503.09**	**(259.41)**	**12,243.68**
Total equity and liabilities		**40,016.75**	**219.07**	**40,235.82**

26.0 FIRST-TIME ADOPTION OF IND AS (Contd.)

B. Reconciliation of equity as at March 31, 2017 (₹ in Lakhs)

	Notes to first-time adoption	Indian GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	a(i), a(ii)	23,860.20	56.18	23,916.38
(b) Capital work-in-progress		965.32	-	965.32
(c) Other Intangible assets		18.97	-	18.97
(d) Intangible assets under development		22.81	-	22.81
(e) Financial assets				
(i) Loans		12.89	-	12.89
(ii) Others		55.68	-	55.68
(f) Deferred tax assets(net)		394.09	-	394.09
(g) Other non-current assets	a(ii)	1,026.52	128.21	1,154.73
Total non-current assets		**26,356.48**	**184.39**	**26,540.87**
(2) Current assets				
(a) Inventories		9,225.41	-	9,225.41
(b) Financial assets				
(i) Trade receivables		5,605.50	-	5,605.50
(ii) Cash and cash equivalents		356.96	-	356.96
(iii) Bank balances other than (ii) above		705.46	-	705.46
(iv) Loans		3.99	-	3.99
(v) Others	b	16.06	9.55	25.61
(c) Other current assets	a(ii)	949.98	1.61	951.59
Assets classified as held for sale/ disposal		0.53	-	0.53
Total current assets		**16,863.89**	**11.16**	**16,875.05**
Total assets		**43,220.37**	**195.55**	**43,415.92**
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital		1,917.69	-	1,917.69
(b) Other equity	a(i), a(ii), b, d, e, f	21,090.96	10.52	21,101.48
Total equity		**23,008.65**	**10.52**	**23,019.17**
(2) Liabilities				
(2A) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	e	3,676.56	(10.64)	3,665.92
(b) Deferred tax liabilities (net)		-	-	-
(c) Government grants	a(i), e	-	182.07	182.07
(d) Provisions		407.29	-	407.29
Total non-current liabilities		**4,083.85**	**171.43**	**4,255.28**
(2B) Current liabilities				
(a) Financial liabilities				
(i) Borrowings		6,252.93	-	6,252.93
(ii) Trade payables		3,401.41	-	3,401.41
(iii) Other financial liabilities		3,825.48	-	3,825.48
(b) Government grants	a(i), e	-	13.60	13.60
(c) Other current liabilities		2,441.44	-	2,441.44
(d) Provisions		73.58	-	73.58
(e) Current tax liabilities (net)		133.03	-	133.03
Total current liabilities		**16,127.87**	**13.60**	**16,141.47**
Total equity and liabilities		**43,220.37**	**195.55**	**43,415.92**

26.0 FIRST-TIME ADOPTION OF IND AS (Contd.)

C. Reconciliation of total comprehensive income for the year ended March 31, 2017 (₹ in Lakhs)

		Notes to first-time adoption	Indian GAAP	Effect of transition to Ind AS	Ind AS
I	INCOME				
	Revenue from operations	g	68,623.03	-	68,623.03
	Other income	a(i), b, e	225.51	0.55	226.06
	Total income		**68,848.54**	**0.55**	**68,849.09**
II	EXPENSES				
	Cost of materials consumed		41,124.46	-	41,124.46
	Purchases of stock-in-trade		1,917.31	-	1,917.31
	Changes in inventories of finished goods, stock-in-trade and work-in-progress		(599.21)	-	(599.21)
	Excise duty on sale of goods	g	1,177.66	-	1,177.66
	Employee benefits expenses	f	4,260.29	3.38	4,263.67
	Other expenses	a(ii), d	12,815.42	(3.96)	12,811.46
	Depreciation and amortization expenses	a(i), a(ii)	2,043.13	9.63	2,052.76
	Finance costs	e	1,487.12	0.62	1,487.74
	Total expenses		**64,226.18**	**9.67**	**64,235.85**
III	**Profit before tax**		**4,622.36**	**(9.12)**	**4,613.24**
IV	Tax expense				
	Current tax		1,426.81	-	1,426.81
	Deferred tax	f	209.09	(1.17)	207.92
	MAT credit		(4.14)	-	(4.14)
	Total tax expenses		**1,631.76**	**(1.17)**	**1,630.59**
IV	**Profit for the year**		**2,990.60**	**(7.95)**	**2,982.65**
V	Other comprehensive income				
	Items that will be not be reclassified to profit or loss				
	Re-measurement gains/ (losses) on defined benefit obligations	f	-	3.38	3.38
	Income-tax effect	f	-	(1.17)	(1.17)
			-	**2.21**	**2.21**
VI	**Total comprehensive income for the year**		**2990.60**	**(5.74)**	**2984.86**

D. Reconciliation of total equity as at March 31, 2017 and April 1, 2016 (₹ in Lakhs)

	Notes to first-time adoption	As at March 31, 2017	As at April 1, 2016
Total equity (shareholder's funds) as per Indian GAAP		23,008.65	20,018.05
Effects of transition to Ind AS:			
a. Mark to market gain on forward contracts	b	9.55	21.83
b. Prior period items	d	-	(5.57)
c. Proposed dividend	c	-	230.12
d. Dividend distribution tax	c	-	46.85
e. Reclass of capital grant to Government grant	a(i)	0.75	-
f. Adoption of EIR method on borrowings (net of Government grant)	e	0.22	-
Total equity (shareholder's funds) as per Ind AS		23,019.17	20,311.28

26.0 FIRST-TIME ADOPTION OF IND AS (Contd.)

Notes to the reconciliation of equity as at April 1, 2016 and March 31, 2017 and total comprehensive income for the year ended March 31, 2017:

a. Property, plant and equipment

i. Recognition of Government grant

For the subsidy received from the Government for capital expenditure which has been reduced from the value of the fixed asset capitalized in earlier years, the WDV amount as at April 1, 2016 has been added in the value of the assets and deferred Government grant is recognized. The deferred Government grant is taken to profit and loss on a straight line basis over the remaining useful life of the assets. This has resulted in an increase in net block of property, plant and equipment by ₹197.24 Lakhs and ₹186.00 Lakhs as at April 1, 2016 and March 31, 2017 respectively and an increase in deferred Government grant by ₹197.24 Lakhs and ₹185.25 Lakhs as at April 1, 2016 and March 31, 2017 respectively. Correspondingly, depreciation for the year ended March 31, 2017 has increased by ₹11.24 Lakhs and Government grant income has increased by ₹11.99 Lakhs.

ii. Reclass of leasehold land

Leasehold land has been considered as an operating lease since the Company does not have the option to buy the land after the completion of the initial lease period of 90 years but is having a renewal option as per the lease agreement. Accordingly, the leasehold land has been removed from the block of property, plant and equipment and has been added to prepaid rental expense. The net block of property, plant and equipment has been reduced by ₹131.43 Lakhs and ₹129.82 Lakhs as at April 1, 2016 and March 31, 2017 respectively with a corresponding increase in the prepaid rental expense of respective years. The depreciation for the year ended March 31, 2017 has reduced by ₹1.61 Lakhs with a corresponding increase in other expense.

b. Fair valuation of forward contracts

Under the Ind AS 109, forward contracts are carried at fair value and the resultant gains and losses are recorded in the statement of profit and loss. Accordingly, this has resulted in an increase in other financial assets by ₹21.83 Lakhs as at April 1, 2016 with a corresponding credit to the opening retained earnings and an increase in other financial assets by ₹9.55 Lakhs as at March 31, 2017. This has also resulted in a net decrease in foreign exchange fluctuation gain by ₹12.28 Lakhs during the year ended March 31, 2017.

c. Proposed dividend

Under Indian GAAP, till March 31, 2016, proposed dividends and related dividend distribution tax was recognized as a provision in the year to which they relate, irrespective of when they are declared. Under Ind AS, dividends and related dividend distribution tax are recognized as a liability in the year in which it is approved by the shareholders in the annual general meeting of the Company or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability of ₹276.97 Lakhs as at April 1, 2016 recorded for dividend has been derecognized against retained earnings.

d. Reclass of prior period items

Under Indian GAAP, prior period items (net) as at March 31, 2017 had been taken to other expenses. Under Ind AS, it has been adjusted to opening retained earnings, which has resulted in decrease in retained earnings as at April 1, 2016 by ₹5.57 Lakhs and an increase in other current liabilities as at April 1, 2016 by similar amount.

e. Measurement of financial assets and financial liabilities - interest free loan

Under Indian GAAP, the Company had accounted for financial liability related to interest free loan which is repayable in the year 2023-24 at the undiscounted amount whereas under Ind AS, such financial liability are recognized at present value with a corresponding credit to the Government grant. This has resulted in a decrease in financial liabilities and increase in deferred Government grant by ₹11.26 Lakhs as at March 31, 2017. The financial liability is then increased by ₹0.62 Lakhs with corresponding increase in interest expense and deferred Government grant is reduced by ₹0.84 Lakhs with a corresponding credit to statement of profit and loss during the year ended March 31, 2017.

f. Defined benefit liabilities

Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss. Under Ind AS, remeasurements comprising of actuarial gains and losses on defined benefit obligations are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Accordingly, actuarial gain of ₹3.38 Lakhs during the year ended March 31, 2017 has been removed from employee benefit expenses and ₹2.21 Lakhs (net of deferred tax of ₹1.17 Lakhs) has been recognized in OCI.

26.0 FIRST-TIME ADOPTION OF IND AS (Contd.)

g. Excise duty

Excise duty of ₹1,177.66 Lakhs on account of sale of goods has been included in revenue for the year ended March 31, 2017 and is separately disclosed as an expense since it is liability of the manufacturer which forms part of the production, irrespective of whether goods are sold or not.

h. Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Indian GAAP.

i. Deferred tax

Under Ind AS deferred tax has been recognized on the adjustments made on transition to Ind AS.

j. Cash flow statement

The Ind AS adjustments are either non-cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended March 31, 2017 as compared with Indian GAAP.

27.0 ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for current and non-current borrowings are: (₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
First charge			
Non-current assets			
Property, plant and equipment	31,584.79	23,916.38	25,630.77
Capital work-in-progress	92.66	965.32	53.99
Non-current financial assets	61.79	68.57	66.49
Other non-current assets	536.53	1,154.73	400.40
Total non-current assets pledged as security	**32,275.77**	**26,105.00**	**26,151.65**
Second charge			
Current assets			
Financial assets			
Trade receivables	7,861.32	5,605.50	4,973.54
Cash and cash equivalents	219.15	356.96	182.43
Bank balances	182.83	638.42	104.48
Others	18.31	29.60	34.23
Non financial assets			
Inventories	13,318.13	9,225.41	6,926.89
Others	1,707.03	952.12	738.77
Total current assets pledged as security	**23,306.77**	**16,808.01**	**12,960.34**
Total assets pledged as security	**55,582.54**	**42,913.01**	**39,111.99**

28.0 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Earning per share has been computed as under:		
Profit for the year (₹ in Lakhs)	3,523.08	2,982.65
Weighted average number of equity shares outstanding (Numbers)	19,176,877	19,176,877
Earnings per share (₹) - Basic (face value of ₹10/- per share)	18.37	15.55
Earnings per share (₹) - Diluted (face value of ₹10/- per share)	18.37	15.55

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 Lakhs)
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended April 1, 2016
Opening defined benefit obligation	399.38	328.76	266.55
Current service cost	71.24	65.72	53.48
Past service cost	5.09	-	-
Interest expense	27.96	25.31	20.79
Benefits paid	(15.90)	(17.03)	(10.75)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(14.09)	14.01	1.68
Actuarial (gains) / losses arising from experience adjustments	(11.98)	(17.39)	(2.99)
Closing defined benefit obligation	**461.70**	**399.38**	**328.76**

Net liability recognized in balance sheet:			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Present value of defined benefit obligation	461.70	399.38	328.76
Fair value of plan assets	-	-	-
Funded status (deficit)	(461.70)	(399.38)	(328.76)
Net liability recognized in balance sheet	**461.70**	**399.38**	**328.76**
Break-up of defined benefit obligation			
Current liability	70.31	52.30	45.74
Non-current liability	391.39	347.08	283.02
	461.70	**399.38**	**328.76**

Net employee benefits expenses recognized in employee cost in the statement of profit and loss:		(₹ in Lakhs)
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	76.33	65.72
Net interest cost	27.96	25.31
	104.29	**91.03**

Remeasurement (gain) / loss recognized in other comprehensive income:		(₹ in Lakhs)
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from changes in financial assumptions	(14.09)	14.01
Actuarial (gains) / losses arising from experience adjustments	(11.98)	(17.39)
	(26.07)	**(3.38)**

29.1 Gratuity (Contd.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Discount rate	7.60%	7.00%	7.70%
Salary escalation rate	7.00%	7.00%	7.00%
Withdrawal rate	15.00%	15.00%	15.00%
Mortality	Published rates under the Indian Assured Lives Mortality (2006-08) Ultimate table		

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the key assumptions is as under: (₹ in Lakhs)

Particulars	Year	Change in assumption	Change due to increase in assumption	Change due to decrease in assumption
Discount rate	March 31, 2018	1.00%	(21.73)	23.95
	March 31, 2017	1.00%	(19.72)	21.80
Salary escalation rate	March 31, 2018	1.00%	23.54	(21.93)
	March 31, 2017	1.00%	20.98	(19.42)
Attrition rate	March 31, 2018	1.00%	negligible	negligible
	March 31, 2017	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 Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Within 1 year	70.31	52.30
1 - 2 Year	57.22	52.49
2 - 3 Year	54.36	43.69
3 - 4 Year	48.56	41.69
4 - 5 Year	45.11	39.56
Above 5 years	186.14	169.65
Total	**461.70**	**399.38**

Fair value and changes in fair value of plan assets during the year ended March 31, 2018

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 ₹172.58 Lakhs (March 31, 2017: ₹169.40 Lakhs).

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

30.0 Commitments and contingencies (to the extent not provided for)

30.1 Commitments			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Estimated amount of contracts remaining to be executed on capital account (net of advances):	1,474.66	3,767.90	1.50
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	1,402.59	-	-
Total	**2,877.25**	3,767.90	1.50

30.2 Contingent liabilities			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Matters with tax authorities			
- Income-tax matters	6.11	-	10.27
- Entry tax matters	36.69	36.46	27.88
- Purchase tax matters	22.04	22.04	22.04
- VAT matters	14.82	1.96	-
- Service tax matters	2.96	2.96	2.96
Bills discounted under letters of credit and outstanding	1,346.55	742.92	474.09
Claims against the Company not acknowledged as debt (interest thereon not ascertainable at present)	24.63	32.51	33.13
Total	**1,453.80**	**838.85**	**570.37**

31.0 Leases

The Company has taken guest houses and warehouses on operating lease basis which are cancellable by either party. Most of the leases are renewable for further period on mutually agreeable terms. The total operating lease expense debited to statement of profit and loss during the year is ₹95.70 Lakhs (March 31, 2017: ₹83.83 Lakhs).

32.0 Details of corporate social responsibility (CSR) expenditure		(₹ in Lakhs)
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Amount required to be spent as per Section 135 of the Companies Act, 2013	73.08	60.78
Amount spent during the year on:		
i. Construction/ acquisition of an asset	-	-
ii. On purpose other than (i) above*	73.08	60.78
Total	**73.08**	**60.78**

* includes contribution to Ganesh Memorial Trust (related party) of ₹49.11 Lakhs (March 31, 2017: ₹ 24.67 Lakhs).

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. manufacture and 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:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from sale of products		
- India	71,567.43	64,007.73
- Outside India	3,556.38	3,967.69
Total	**75,123.81**	**67,975.42**

34.0 Dues to micro and small enterprises

There are no dues to micro and small enterprises as at March 31, 2018 (March 31, 2017: Nil, April 1, 2016: Nil). The information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified based on the information available with the Company.

35.0 Related party disclosures

35.1 Name of related parties and description of relationship:

A. Key management personnel

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

Note 35.1 Name of related parties and description of relationship: (Contd.)

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
Smt. Richa Sharma	Daughter of Shri Vishnu Dutt Khandelwal
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

35.2 Summary of transactions: (₹ in Lakhs)

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
Transaction during the year					
Managerial remuneration	March 31, 2018	309.46	-	-	-
	March 31, 2017	300.88	-	-	-
Salary/ stipend/ commission	March 31, 2018	32.10	21.92	-	-
(including sitting fee)	March 31, 2017	25.40	18.88	-	-
Reimbursement of expenses	March 31, 2018	4.15	2.62	-	-
	March 31, 2017	7.00	5.41	-	-
Interest paid	March 31, 2018	52.81	56.81	14.35	-
	March 31, 2017	31.80	61.24	6.42	-
Unsecured loan accepted	March 31, 2018	347.00	-	43.50	-
	March 31, 2017	46.50	109.50	105.00	-
	April 1, 2016	567.50	584.25	33.00	-
Unsecured loan repaid	March 31, 2018	-	-	1.00	-
	March 31, 2017	11.50	85.00	67.75	-
	April 1, 2016	274.50	7.00	-	-

35.2 Summary of transactions:(Contd.) (₹ in Lakhs)

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
Contribution to trust for CSR expenditure	March 31, 2018	-	-	-	49.11
	March 31, 2017	-	-	-	24.67
Amount outstanding at balance sheet date					
Unsecured loan outstanding	March 31, 2018	675.00	631.25	180.00	-
	March 31, 2017	328.00	631.25	137.50	-
	April 1, 2016	293.00	606.75	100.25	-
Amounts payable	March 31, 2018	158.70	6.13	3.60	-
	March 31, 2017	144.06	6.01	2.19	-
	April 1, 2016	188.90	12.63	2.25	-

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

35.4 No amount has been written off or written back during the year in respect of debts due from or to related parties.

36.0 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 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 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. Accordingly, the fair value of loans is 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 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).

36.0 Financial instruments (Contd.)

Financial assets								(₹ in Lakhs)
Particulars	Note reference as mentioned above	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
			Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
1. Financial assets designated at fair value through profit and loss (FVTPL)								
Derivatives - not designated as hedging instruments	A	Level 2	-	-	9.55	9.55	21.83	21.83
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	7,861.32	7,861.32	5,605.50	5,605.50	4,973.54	4,973.54
b) Cash and cash equivalents	D	Level 3	219.15	219.15	356.96	356.96	182.43	182.43
c) Other bank balances	D	Level 3	254.01	254.01	705.46	705.46	166.22	166.22
d) Loans	C, D	Level 3	8.63	8.63	16.88	16.88	41.60	41.60
e) Other financial assets	C, D	Level 3	71.47	71.47	71.74	71.74	37.29	37.29
Total			**8,414.58**	**8,414.58**	**6,766.09**	**6,766.09**	**5,422.91**	**5,422.91**

Financial liabilities								(₹ in Lakhs)
Particulars	Note reference as mentioned above	Fair value hierarchy	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
			Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
1. Financial liabilities designated at fair value through profit and loss	-	-	-	-	-	-	-	-
2. Financial liabilities designated at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial liabilities designated at amortized cost								
a) Borrowings	B, D	Level 3	18,226.12	18,226.12	9,918.85	9,918.85	11,822.43	11,822.43
b) Trade payables	D	Level 3	5,331.83	5,331.83	3,401.41	3,401.41	2,226.90	2,226.90
c) Other financial liabilities	D	Level 3	1,714.32	1,714.32	3,825.48	3,825.48	3,392.64	3,392.64
Total			**25,272.27**	**25,272.27**	**17,145.74**	**17,145.74**	**17,441.97**	**17,441.97**

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

37.0 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.

The allowance for life time		(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017
Allowance for expected credit loss		
Opening balance	70.87	37.83
Impairment loss recognized (net of reversals)	71.61	33.04
Closing balance	**142.48**	**70.87**

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 ₹12,500.00 Lakhs (March 31, 2017: ₹10,500.00 Lakhs and April 1, 2016: ₹10,500.00 Lakhs), repayable on demand which carry floating rate of interest.

37.0 Financial risk management (Contd.)

b. Contractual maturities of financial liabilities					(₹ in Lakhs)
As at March 31, 2018	0-1 years	1-2 years	2-5 years	More than 5 years	Total
Non-current borrowings (including current maturities)	1,557.39	1,799.18	3,367.25	3,146.28	9,870.10
Current borrowings	9,913.41	-	-	-	9,913.41
Trade payables	5,331.83	-	-	-	5,331.83
Other financial liabilities	156.93	-	-	-	156.93
Total	**16,959.56**	**1,799.18**	**3,367.25**	**3,146.28**	**25,272.27**
As at March 31, 2017	**0-1 years**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Non-current borrowings (including current maturities)	3,692.60	1,356.89	2,296.63	12.40	7,358.52
Current borrowings	6,252.93	-	-	-	6,252.93
Trade payables	3,401.41	-	-	-	3,401.41
Other financial liabilities	132.88	-	-	-	132.88
Total	**13,479.82**	**1,356.89**	**2,296.63**	**12.40**	**17,145.74**
As at April 1, 2016	**0-1 years**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total**
Non-current borrowings (including current maturities)	3,226.18	3,614.27	3,560.54	-	10,400.99
Current borrowings	4,647.62	-	-	-	4,647.62
Trade payables	2,226.90	-	-	-	2,226.90
Other financial liabilities	166.46	-	-	-	166.46
Total	**10,267.16**	**3,614.27**	**3,560.54**	**-**	**17,441.97**

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 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 forwards, to reduce foreign currency risk exposure and follows its risk management policies.

Derivatives outstanding as at the reporting date			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Nominal value of forward contracts			
Forward contracts to sell USD	-	241.02	668.20
Forward contracts to sell EURO	-	311.15	428.66

Foreign exchange forward contracts are used for hedging purposes and not as trading or speculative instruments.

37.0 Financial risk management (Contd.)

The currency profile of financial assets and financial liabilities (unhedged foreign currency exposure) as at the balance sheet date is as under:

(₹ in Lakhs)

Particulars	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	USD	EURO	Total	USD	EURO	Total	USD	EURO	Total
Financial assets									
Trade receivables	332.27	86.73	419.00	-	-	-	-	-	-
Financial liabilities									
Trade and other payables	(217.28)	(7.26)	(224.54)	(199.02)	(2.05)	(201.07)	(238.94)	(2.23)	(241.17)
Borrowings	(980.91)	(2,868.30)	(3,849.21)	(1,454.69)	-	(1,454.69)	(1,220.06)	-	(1,220.06)
Interest accrued but not due	(3.13)	-	(3.13)	(5.14)	-	(5.14)	-	-	-
Others	-	-	-	-	(0.36)	(0.36)	-	(0.40)	(0.40)
Net assets/ (liabilities)	**(869.05)**	**(2,788.83)**	**(3,657.88)**	**(1,658.85)**	**(2.41)**	**(1,661.26)**	**(1,459.00)**	**(2.63)**	**(1,461.63)**

Foreign currency risk sensitivity

1% increase and decrease in foreign exchanges rate will have the following impact on profit before tax: (₹ in Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017	
	1% increase	1% decrease	1% increase	1% decrease
USD	(8.69)	8.69	(16.59)	16.59
EURO	(27.89)	27.89	(0.02)	0.02
Increase / (decrease) in profit before tax	(36.58)	36.58	(16.61)	16.61

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 Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	(₹ in Lakhs)	% of total	(₹ in Lakhs)	% of total	(₹ in Lakhs)	% of total
Fixed rate borrowings	3,149.13	15.92%	2,150.17	15.80%	2,252.71	14.97%
Variable rate borrowings	16,634.38	84.08%	11,461.28	84.20%	12,795.90	85.03%
Total	**19,783.51**	**100.00%**	**13,611.45**	**100.00%**	**15,048.61**	**100.00%**

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.

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
50 basis points increase would decrease the profit before tax by	(83.17)	(57.31)
50 basis points decrease would Increase the profit before tax by	83.17	57.31

38.0 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:			(₹ in Lakhs)
Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current and non-current borrowings (including current maturities)	19,783.51	13,611.45	15,048.61
Debt (A)	**19,783.51**	**13,611.45**	**15,048.61**
Total equity (B)	26,283.50	23,019.17	20,311.28
Equity and debt (C =A+B)	**46,067.01**	**36,630.62**	**35,359.89**
Gearing ratio (A/C)	**42.95%**	**37.16%**	**42.56%**

39.0 Events occurring after the balance sheet date

39.1 The Company, on May 9, 2018, has made an allotment of 26,52,520 equity shares of face value of ₹10/- each at a price of ₹377/- per share (including premium of ₹367/- per share) aggregating to ₹10,000 Lakhs, to eligible Qualified Institutional Buyers under Chapter VIII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009. Consequent to the said allotment, the total paid up equity share capital of the Company stands increased to ₹2,182.94 Lakhs comprising of 21,829,397 equity shares.

39.2 The board of directors of the Company have recommended dividend of ₹1.50/- per fully paid up equity share of ₹10/- each, aggregating ₹394.75 Lakhs, including dividend distribution tax of ₹67.31 Lakhs, for the financial year 2017-18 (March 31, 2017: ₹1.20/- per fully paid up equity share of ₹10/- each, aggregating ₹276.97 Lakhs including dividend distribution tax of ₹46.85 Lakhs), which is inclusive of dividend on 26,52,520 equity shares allotted as mentioned at note no. 39.1 above. 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.

40.0 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: Kanpur
Date: 26 May 2018

For and on behalf of the Board of Directors

Sharad Sharma
Joint Managing Director

Shyam Sunder Sharmma
Chairman and Managing Director

Bharat Kumar Sajnani
Company Secretary

Gopal Agarwal
Chief Financial Officer

Notes

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