



GANESHA ECOSPHERE LTD.

# AN IDEA WHOSE TIME HAS COME



32<sup>ND</sup> ANNUAL REPORT 2020-21

# CONTENT

|     |  |
|-----|--|
| 01  | An Idea Whose Time has Come              |
| 02  | The Journey of Turning Waste into Wealth |
| 04  | Our Value Proposition                    |
| 06  | Our Product Portfolio                    |
| 10  | Key Performance Highlights               |
| 12  | Chairman's Letter                        |
| 14  | Sustainable Innovation                   |
| 16  | Responsible Footprints                   |
| 18  | Committed Towards Inclusive Growth       |
| 20  | Board of Directors                       |
| 22  | Management Discussion and Analysis       |
| 29  | Directors' Report                        |
| 47  | Corporate Governance Report              |
| 69  | Business Responsibility Report           |
| 78  | Standalone Financial Statements          |
| 131 | Consolidated Financial Statements        |
| 181 | AGM Notice                               |

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

# AN IDEA WHOSE TIME HAS COME



The world is awakening to the pressing need to save the Mother Earth from drowning into the plastic pollution. People and countries across the globe are looking at alternatives to reduce the impact on the environment, and become more sustainable and greener.

Today, plastic waste has become a major environmental concern. While on one hand, industries are looking at plastic as a more flexible, convenient and cost efficient material for products, on the other hand plastic products and packaging have been creating environmental hazard around the world. According to UN Environment, 1 million plastic drinking bottles are purchased every minute around the world and 5 trillion single-use plastic bags are used worldwide every year. Interestingly, around half of all plastic produced in the world is designed to be used only once and then thrown away, which most of the time end up in landfills or pollute our water resources.

At the rate that we are moving ahead, it is believed that our oceans will be flooded with more plastic than fishes by 2050. Hence, it is a wakeup call for all of us to introspect, reimagine and act towards embracing recycling as **An Idea Whose Time Has Come**. The future is of reduce, recycle and reuse. Businesses and countries are working towards finding ways to become more sustainable and greener. The recent COVID-19 pandemic has further sealed the thought of restoration of nature and its resources to keep mankind and the Earth healthy.

It is a defining time for sustainable development and circular economy. And at Ganesha Ecosphere, we are optimistic of our mission of recycling every PET bottle disposed of as waste in the world. We are evolving to look at alternate or virgin materials to produce sustainable products out of PET bottle waste that enable our partners achieve their sustainability goals and the global mission to make world a better place to live.

# GANESHA ECOSPHERE

## The journey of turning waste into wealth

Initiating our journey in 1987, we stepped into the unconventional business of sustainability and environmental care back in 1995 with our modest PET bottle recycling plant at Kanpur Dehat, Uttar Pradesh. From then and now, the world has moved fast and so has the usage, production and need for recycling of PET bottles.

Today, Ganeshha Ecosphere is the leading recycler of PET bottles in India with more than 6 billion PET bottles recycled annually. Driven by the aim of turning waste into wealth, we have been innovating and producing value-added RPSF (Recycled Polyester Staple Fibre) that 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, toys) across the world. We have been helping some of the largest and renowned brands in achieving their sustainability goals through our products.

We are one of the pioneers in manufacturing of rPET Fibre and rPET Yarn from pre and post-consumer PET plastic scrap in India. We have been collecting and recycling PET bottles through our pan-India network of scrap dealers and contractors, who in turn work through rag pickers for supplying the PET plastic waste to us.

Our manufacturing units at Kanpur Dehat (Uttar Pradesh), Rudrapur (Uttarakhand), and Bilaspur, Rampur (Uttar Pradesh) have a cumulative capacity of 1,18,800 MTPA (1,08,600 TPA of RPSF and 7200 TPA of RPSY and 3000 TPA of Dyed and Texturised/ Twisted Filament Yarn) of rPET Fibre and Yarn. Ganeshha Group is also in the process of setting up a plant at Warangal, Telangana that is expected to be operational by Q1FY23. In addition to this, we plan to setup a washing and chips unit in Nepal by December 2021.

**300<sup>^^</sup>** Customers

**250<sup>^^</sup>** Suppliers

**500<sup>^^</sup>** Product Variants

**3** Manufacturing Sites

**20<sup>^^</sup>** Export Countries

**6BN<sup>^^</sup>** PET bottles recycled per year

**108,600 MTPA**  
**PET waste is converted into high-quality r-PET fibre (recycled polyester)**

# OUR VISION

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

# OUR MISSION

▶ To be a **HIGH-PERFORMANCE** organization by making the best use of resources and empowering people.

▶ To be the **PREFERRED** choice of our customers by providing world class customer services.

▶ To maintain **HIGH LEVELS OF QUALITY** in our products through innovative research and technology development in our processes, products and applications.

▶ 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.

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 VALUE PROPOSITION

## RICH LEGACY

### & LEADERSHIP POSITION

- GESL has been among the largest Indian PET recyclers for the last 25 years.
- GESL is India's leading rPET Fibre manufacturer.
- Enhanced capacity and expansion plans to reinforce market position, portfolio and footprint.
- A new production facility in Warangal, Telangana to be operational by Q1FY23.
- A washing & chips unit in Nepal- to be Operational by December, 2021.
- Repeat business across a stable eco-system (customers and suppliers).

## DIVERSIFIED

### PRODUCT PORTFOLIO

- More than 500 product variants.
- Portfolio comprising hollow, conjugated, trilobal, short cut and coloured fiber.
- Used in woven and non-woven segments (technical and non-technical), apparel, hosiery and upholstery.

## STRONG R&D

### & SUPERIOR QUALITY

- Strong focus on R&D and development of sustainable value added innovative products – expanding the current value-added product portfolio from 25% to 50% over next 2-3 years.
- ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 (OH&S) certifications, ensuring conformance with superior quality norms.
- Certification for Antimicrobial Protection.
- International certifications like Global Recycle Standard (The Control Union Certification) and Oeko-Tex Standard 100, Product Class 1 certification from the Hohenstein Textile Testing Institute (Germany).

# WIDE REACH

- Pan-India presence; 300+ customers.
- Presence in global textile hubs.
- More than 250 Suppliers.
- Marketing rPET Fibre to 100+ Indian spinning units.
- Exporting to 20+ countries.
- A brand synonymous with credibility, reliability and efficiency.

# STRONG FINANCIALS

- Cash balance of ₹ 2.10 Crore as on March 31, 2021.
- Debt-equity ratio of 0.24 in 2020-21.
- Enhanced liquidity profile.
- Long term credit rating of 'A' (stable) and short term credit rating of 'A1' by ICRA & CARE as on 31<sup>st</sup> March, 2021.

# GLOBAL COLLABORATIONS

- Partnership with global brands to supply premium products for their operations.

# OUR PRODUCT PORTFOLIO



## rPET FIBRE

- **Yarn Spinning**
- **Non-woven fabric**
- **Non-woven carpets / felts / scrubbers**
- **Fibre filling**

## PRODUCT APPLICATIONS

- **Clothing & Sportswear**
- **Padding Insulation**
- **Carpets**
- **Needle Punch fabrics**
- **Cushions, Pillows, Bedding & Quilts**



# rPET SPUN YARN

## **SPUN YARN PRODUCTS**

- **Dope dyed**
- **Melange**
- **Grey**

## **FILAMENT YARN PRODUCTS**

- **Texturized**
- **Twisted & Doubled**
- **Solid / Injection**
- **Dyed Fancy**

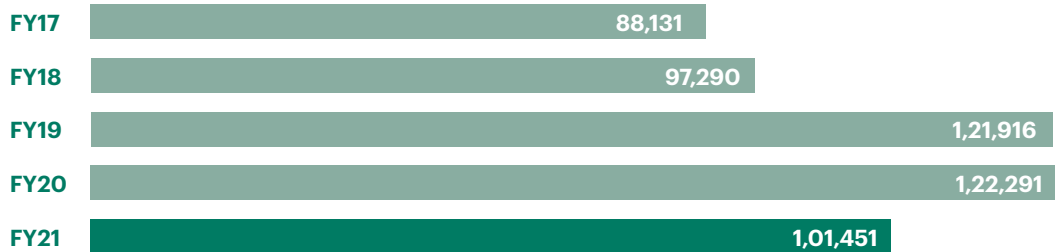
# PRODUCT APPLICATIONS

- **Fabrics**
- **Sarees & Dress material**
- **Upholstery & Hosiery**
- **Sewing Thread**

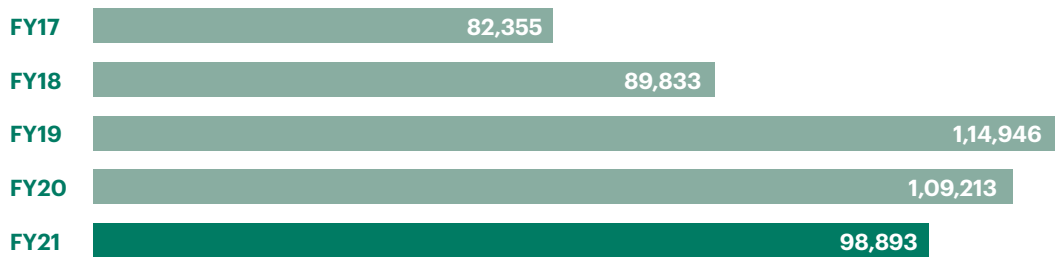
# KEY PERFORMANCE HIGHLIGHTS

## Operational

### GROSS PRODUCTION (in MT)

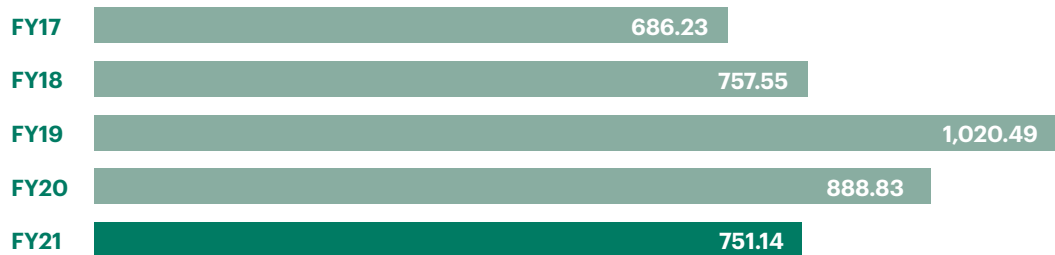


### SALES VOLUME (in MT)

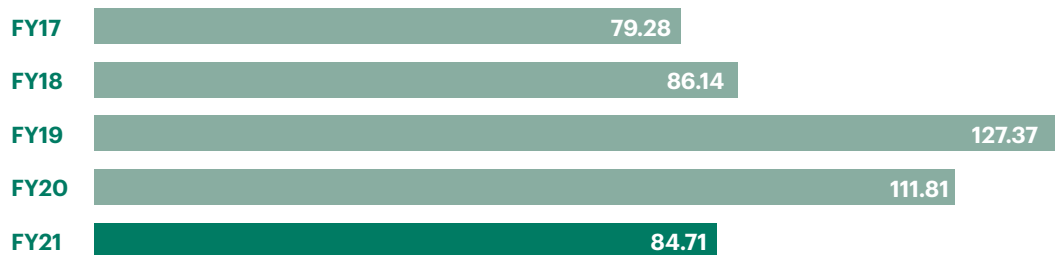


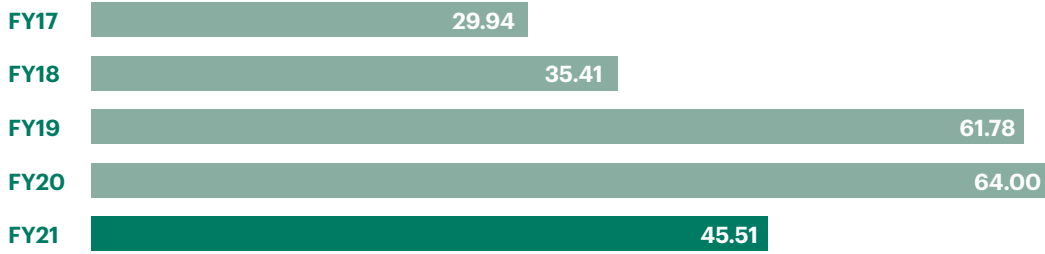
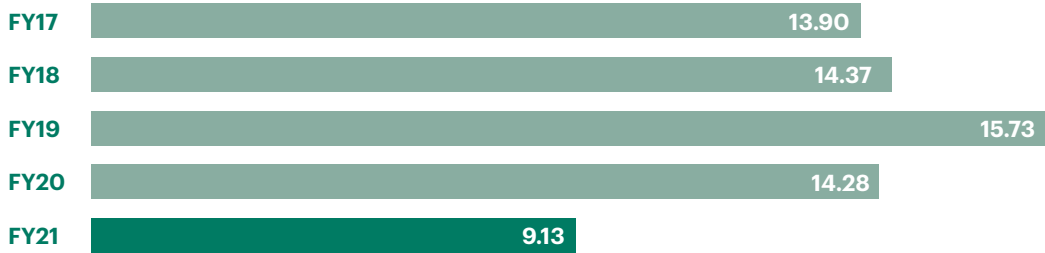
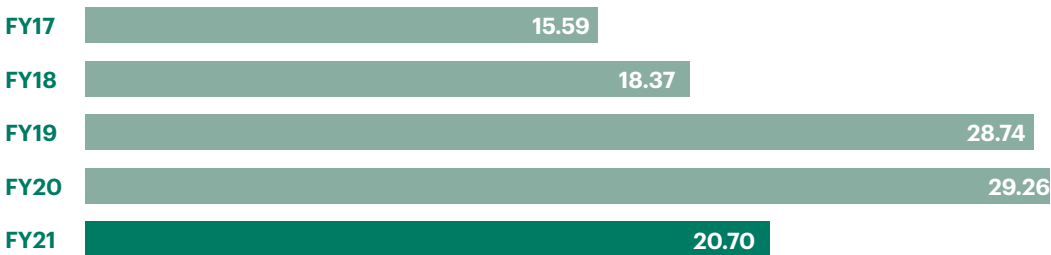
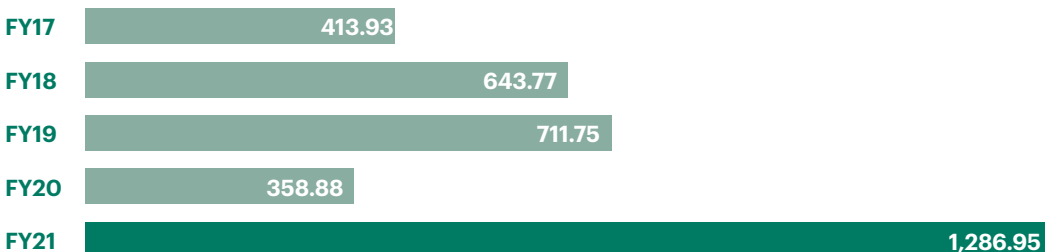
## Financial

### REVENUE FROM OPERATIONS (in Cr.)



### EBITDA (in Cr.)



**PAT** (in Cr.)**ROE** (in %)**DEBT – EQUITY RATIO** (X)**EPS** (in ₹)**MARKET CAPITALIZATION** (in ₹ Cr as on March 31)

# CHAIRMAN'S LETTER

# Towards becoming Future Proof



**Dear Shareholders,**

FY2020-21 has been a challenging year for your Company. The COVID-19 pandemic and its related restrictions and disruption of supply chains adversely impacted our operations in the first half of the financial year. Though, significant improvement was witnessed in the second half of the financial year with 100% capacity utilization and strong profitability, higher input costs continued to rally and controlling the product pricing. This in addition to ban on imports of PET bottle scrap and flakes led to significant pressure on end product pricing mechanism.

Your Company had to bear a production loss of around 65% in the first quarter of the year. It was as early as middle of May 2020 that we began re-starting our operations in a phased manner. By July, we had our plants firing from all cylinders with higher utilization providing us with superior operating margins.

Our focus on premiumisation, and innovative and value-added products have helped us maintain EBIDTA margin levels at 11.28% in FY21 despite the dampened sales due to slow demand and COVID-19 related challenges. During the year, your Company reported a PAT of ₹ 45.51 crore and revenues of ₹ 751.14 crore. Net worth



**In our journey to become a premium and sustainable player in the market, we have been strengthening our R&D capabilities and developing newer value-added products such as anti-microbial products, fibres for paper and construction industry, micro filament fibre, mono fibre and biodegradable fibre etc.**



stood at ₹ 518.83 crore in FY21 as against ₹ 477.69 crore in FY20.

The macro economic factors such as economic output, unemployment rate and inflation continue to concern world over as newer variants of COVID-19 threaten with rise of fresh infections. Your Company has been cognizant of the risks and has been taking appropriate steps to reduce the impact of the pandemic, and realise better value and growth.

A major fire incident at our Kanpur unit caused by a mechanical failure in the machinery has led to loss of two production lines while the remaining production line continues to be operational, a total loss of ₹ 25.13 crore (net of taxes) is estimated due to it. Your Company's plants are fully insured and currently the insurance company is assessing the loss. As part of our restoration plan of this Kanpur unit, we are exploring to put up recycling capacity of other plastic scrap in addition to PET scrap.

#### **Future Proof**

To achieve our goal of being Future Proof, we are building a robust business model that would immune us from unprecedented risks such as the COVID-19 and also enable us to de-risk our business to explore newer boundaries and product segments.

Our goal is to leapfrog into the next decade of growth as a stronger

Ganesha Ecosphere, breaking our own record of CAGR of 12% (topline) and 13% (bottomline) achieved in the last 10 years. We aim to improve our free cash flow management and are look at investing into newer markets with facilities and products. Your Company through its subsidiary has two new facilities in the pipeline including Warangal at Telangana, and washing and chips plant in Nepal. The new facility at Warangal is expected to be operational by Q1FY23 and Nepal plant to be operational by December this year.

In our journey to become a premium and sustainable player in the market, we have been strengthening our R&D capabilities and developing newer value-added products such as anti-microbial products, fibres for paper and construction industry, micro filament fibre, mono fibre and biodegradable fibre, etc. These products provide great impetus to our vision of becoming a responsible corporate committed towards converting waste into wealth and exploring the potential to consume alternate or virgin materials to produce the final products and develop new supply chains.

We are constantly adding capacity and diversifying our product mix to keep our growth engine fuelled. In the next 2-3 years, we aim to expand our value-added product portfolio from 25% at present to 50%.

#### **Way Forward**

While the second wave of COVID-19 in the beginning of the new financial year (FY22) has led to a setback in terms of revived demand and operations in the first quarter, things are looking up with restoration of the supply chain and demand returning in from second quarter onwards.

We are also witnessing firming up of prices in the market, indicative of the business normalcy. For FY22, we expect our operations and profitability levels to improve over FY21 both in terms of bottomline and topline.

Moreover, the regulatory compulsions in the form of extended producer responsibility and pledge for sustainability by brands and corporates, is expected to create good demand for the recycled inputs.

In the end, I want to thank all our partners and stakeholders for their unconditioned support and trust in Ganesha Ecosphere. I thank all our employees for remaining committed and determined in the worst of times as well.

It is our collaborated efforts that have enabled us to sail through the crisis and made us emerge stronger.

I am obliged to your unwavering support!

**Shyam Sunder Sharmma**  
Chairman



Digitalisation is changing the face of manufacturing with newer technologies such as Artificial Intelligence (AI), Big Data, Machine Learning (ML), and Internet of Things (IoT) enabling a seamless environment for operations. At Ganesha Ecosphere, we endeavor to transform into a digitally-led organization.

As part of our efforts, we have been equipping our manufacturing operations with digital tools to realise smart manufacturing. From digital displays of rack comparison points to remote monitoring of operations and alert systems to automation, we have been embracing digital at fast pace.

While technology adoption and embracing of Industry 4.0 remains an integral part of our future ready process, we are also strengthening our R&D capabilities to remain sustainable in the market. Our well-equipped facilities and a dedicated R&D team are actively developing value-added innovative products that are ecologically-friendly. The team has already been exploring numerous value-added products such as anti-microbial products, fibres for paper and construction industry, micro filament fibre and mono fibre, among others. We are moving up the value chain to realise better product value and margins.

Among these under review, Ganesha Ecosphere introduced biodegradable and antimicrobial fibres during the year. Ganesha Bio-R, the biodegradable PET recycled polyester staple fibre is most ideal to be used for single use wipes and diapers. The Antimicrobial fibre provides protection against Bacteria and Virus and suited for hospitals, hotels, sports and travel Industry.

We are working on providing DNA traceability into the polyester staple fiber produced by us. This will enable us to have physical traceability into the tagged fibre from the slurce readt garments fibre to garments. It will be a key milestone in our sustainability drive.



# RESPONSIBLE FOOTPRINTS



At Ganesha Ecosphere, we are driven by the philosophy of good governance, and green and sustainable growth. We have been making a real difference to businesses, environment and communities by recycling plastic waste into useful products.

As part of our efforts to reduce our carbon footprint and drive a circular economy at a global level, we have been taking various measures to create a greener world as a responsible company.

We aspire to be an inclusive organization with equality and empathy as the core pillars to our existence as we continue to deliver on our Mission to enhance value for our stakeholders and the planet, sustainably.

#### Environment

- Target to equip all units with rooftop solar panels
- Increasing green cover around all plants
- Installed effluent treatment plants for the prevention of water pollution
- Taking initiatives for conservation of water and heading towards zero discharge
- Saved Carbon emission, prevented landfill space by recycling of PET Plastic waste

#### Social

- Already in the business of PET plastic waste recycling
- Addressing Swatch Bharat Mission through our sustainable business model
- Working with, and for the people from underprivileged and backward societies i.e. rag-pickers, scrap dealers

#### Governance

- Speedy redressal of Investors query
- 6 Non-Executive Directors out of 9 Directors on the Board

| Particulars   | FY21     | FY20     | FY19     | FY18     | FY17     |
|---|----------|----------|----------|----------|----------|
| <b>1 ton of plastics saves 7.4 cubic yards space</b>            |          |          |          |          |          |
| Raw Material consumed (in tonnes)                               | 97,190   | 1,17,094 | 1,16,059 | 88,508   | 81,394   |
| saving of land fill space (in cubic yards)                      | 7,19,205 | 8,66,498 | 8,58,838 | 6,54,962 | 6,02,313 |
| <b>1 ton of plastic bottle save 1.5 tonne of CO<sub>2</sub></b> |          |          |          |          |          |
| Elimination of CO <sub>2</sub> (Tons)                           | 1,45,785 | 1,75,641 | 1,74,089 | 1,32,763 | 1,22,090 |

# COMMITTED TOWARDS INCLUSIVE GROWTH



At Ganesha Ecosphere, we are committed towards inclusive growth and improving lives by contributing towards the society at large. With the divine thought “*Sarve Bhavantu Sukhinah Sarve Santu Niramayaah*”, we strive to benefit and support the communities in which we live and work through our various CSR initiatives in the areas of Education, Healthcare, and Environmental Sustainability.



#### **Preventive Healthcare including COVID-19 Relief**

- Reach out to ~1500 people in 15 villages around Factory area of Kanpur Dehat.
- Provided Pulse Oximeter and BP Checking Machines to CMO Kanpur.
- Ambulance to needy people in Sasaram, Bihar, wherein there is no hospital for around 200 Km.

#### **Environmental Sustainability**

- Encouraged the use of solar energy by installing solar street lights and small solar plants in the villages around factory area.
- Cleaning and Rain Water Harvesting work for water conservation in 10 ponds adopted by the company.
- Initiative of Plastic Pollution Free City taken to spread awareness in society about safe disposal of Plastic.
- Tie up with IIT Kanpur for Research & Development work on exploring the use of Plastic waste as construction material in making bricks to solve the problem of plastic waste in the environment.

#### **Education**

- Given Assistance to 3 Schools having ~1000 students through infrastructure development work for healthy environment for the students studying there. Also, supporting NGOs in the same field.

# BOARD OF DIRECTORS



## MR. SHYAM SUNDER SHARMA

Chairman

Mr. Shyam Sunder Sharma, founder of the Company, aged 78 years, is a post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 57 years including 25 years with various Birla Group Companies in senior positions. He is associated with the Company as Chairman since 1989 and appointed as Managing Director in 1990. Presently, he is holding the position of Non- Executive Chairman of the Company.



## MR. VISHNU DUTT KHANDELWAL

Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged 72 years, is post-graduate in commerce and his area of expertise includes marketing and financial management. He possesses a rich experience of over 48 years in textile yarn trading. He has been serving the Company since inception and was appointed as Executive Vice-Chairman of the Company in 2008. He is responsible for overseeing the marketing and business development of the Company.



## MR. SHARAD SHARMA

Managing Director & CEO

Mr. Sharad Sharma, aged 55 years, is a commerce graduate and having more than 34 years' experience in marketing and distribution. He has been associated with the Company since inception and was appointed to the Board in 1992 as a Director. He was appointed as Joint Managing Director of the Company in 2004 and elevated to the post of Managing Director & Chief Executive Officer of the Company w.e.f. 18<sup>th</sup> September, 2018. He is responsible for overall management and operations of the Company.



## MR. RAJESH SHARMA

Joint Managing Director

Mr. Rajesh Sharma, aged 55 years, is a commerce graduate and has rich experience spanning over 31 years in plant administration and operations. He is associated with the Company since inception and was appointed as an Executive Director in 2008. He is holding the post of Joint Managing Director of the Company w.e.f. 1st August, 2019 and is responsible for looking after the management and operations of the Company's Rudrapur and Bilaspur units.



## MR. PRADEEP KUMAR GOENKA

Non-Executive Independent Director

Mr. Pradeep Kumar Goenka, aged 67 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 77 years, is B.Com., LL.B. and is also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 52 years in textile industry. He has been the Managing Director for over 11 years in Shree Manufacturing Company Ltd. and has over 25 years' experience of working in various capacities in Birla Group Textile Companies. He has been running his own textile business for the past several years. He was appointed to the Board of the Company in 1994.



## MR. VISHWA NATH CHANDAK

Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged 84 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. ABHILASH LAL

Non-Executive Independent Director

Mr. Abhilash Lal, aged 56 years, is a mechanical engineer and a postgraduate in management from Indian Institute of Management (IIM), Bangalore. He has rich experience of more than 30 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. 29<sup>th</sup> September, 2014.



## DR. SHOBHA CHATURVEDI

Non-Executive Independent Director

Dr. Shobha Chaturvedi, aged 65 years, is Ph.D. in Pollution Abatement from H.B.T.I., Kanpur and in 2016 retired from the post of Regional Officer, UP Pollution Control Board after having put in more than 28 years of service. She also holds a Master Degree in Chemistry. She was appointed to the Board as a Non-Executive Independent Director w.e.f. 5<sup>th</sup> September, 2019.

# MANAGEMENT DISCUSSION & ANALYSIS

## ECONOMIC OVERVIEW

### Global

In 2020, the global economy de-grew by 3% due to the unprecedented disruption caused by COVID-19 pandemic on health, trade and economies. The governments across countries raced against times to curb the spread of the infection and took extreme measures characterised by instant lockdowns, closure of public transport and international borders. A significant focus shifted towards ramping up of healthcare infrastructure, scientific collaborations for vaccine development, and most importantly, policy intervention towards social relief and economic support for populace.

Barring few nations, the entire world slipped into an economic shock with massive contraction witnessed in the first half of the year. According to IMF's World Economic Outlook of April 2021, Advanced economies (AEs), and Emerging markets and Developing Economies (EMDEs) witnessed output contractions by 4.7% and 2.2% respectively.

Some of the other significant events during 2020 include trade tensions between US-China, India-China border stand offs, the UK exiting the EU, Middle East peace initiatives (Israel and few Arab nations), and change of regime in the US. These geo-political events had an impact on the world trade and bilateral relations among nations. Moreover, the devastating wildfires in Australia and US, and locust attacks adversely impacted the environment and farming community.

However, the timely intervention and response of governments, regulators, healthcare scientists, and people at larger, to the global challenge coupled with fastest development of the vaccine to mitigate the worst health challenge saw the global economy show signs of revival in the later part of 2020. One of the indicators of it has been the strong reversal in commodity prices of energy and metals. IMF's price index moved by 29% in the 2<sup>nd</sup> half of 2020, reflecting a broad-based revival in the global economy.

IMF predicts a sharp recovery in 2021, followed by a growth moderation in 2022. In 2021, it predicts the growth rate for the world, AEs and EMDEs as 6%, 5.1%, and 6.7% respectively.

The effectiveness of inoculation and other pandemic control measures by governments alongside sustained economic and policy

## GDP Growth Trend (%)

|       | 2019 | 2020 (E) | 2021 (P) | 2022 (P) |
|-------|------|----------|----------|----------|
| World | 2.8  | -3.3     | 6.0      | 4.4      |
| AE    | 1.6  | -4.7     | 5.1      | 3.6      |
| EMDE  | 3.6  | -2.2     | 6.7      | 5.0      |
| India | 4.0  | -8.0     | 12.5     | 6.9      |

Source: WEO April 2021, IMF

AE: Advanced economies,  
EMDE: Emerging markets and developing economies

support holds the key to sustained recovery. However, many nations are witnessing a resurgence of the infection, resulting into economic disruption and could impact the speed of economic recovery.

### India

India, the 2<sup>nd</sup> largest emerging economy and populous country of the world opted to prioritize the lives of its 1.3+ billion citizens over economic gains. The country set an example for the world with its fastest response mechanism, setup within no time to fight the pandemic. The quick turnaround in setting up of COVID-19 dedicated healthcare infrastructure, making industries adapt to newer needs of medical requirements and imparting COVID-appropriate behaviour guidelines to its large population has helped it avert risks of severely impacting the health of the people and economy.

Moreover, the Government's efforts in the form of reduction in lending rates, moratorium of loans, easing out of financial obligations of states to the Centre and declaring certain mission critical sectors such as healthcare, chemicals and agriculture under essential services, allowed it to competently prepare for the worst pandemic in the century.

The second advance estimates of the Govt. of India indicates that the Indian Economy contracted by 8% for the full year 2020-21, which means the economy witnessed a sustained sequential recovery quarter-over-quarter. This testifies the sound fundamentals and inherent resilience of the Indian economy.

IMF predicts India to lead the global recovery and emerge as the fastest growing economies in the world. The Indian economy is expected to witness a steep rebound with a 12.5% GDP growth in 2021, before settling at the levels of 6.9% in 2022. However, the recent 2<sup>nd</sup> wave of

COVID-19 could downside its growth forecast.

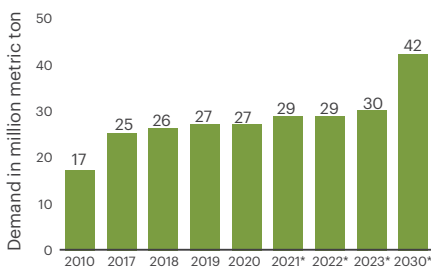
Overall, the sequential recovery from the second half of 2020 backed by the Government's stimulus and infrastructure push, improving employment situation and forecast of a normal monsoon augurs well for the country's economic recovery. Additionally, the strengthening of corporate earnings and financial position, sustained performance of the capital markets coupled with increasing participation by the foreign investing community, makes India as the preferred investment destination in the world economy.

**Global PET Market Overview**

The global polyethylene terephthalate (PET) market is expected to grow from USD18.78 billion in 2020 to USD22.66 billion in 2021 at an annual growth rate of 20.7%. This is on the back of rising demand for PET in packaging, and companies reorganizing their operations post COVID-19 impact. The PET market is expected to touch USD 26.61 billion in 2025 at a CAGR of 4%.

According to statista report, the global demand for PET was 27 million metric tons in 2020. By 2030, global PET demand is forecast to amount to 42 metric tons. There has been a significant rise in demand for PET for bottled water and drinks due to its flexibility, durability and light weight characteristics. The food and beverages segment has been a lead contributor to the growth of the global PET market.

**Demand for polyethylene terephthalate worldwide**

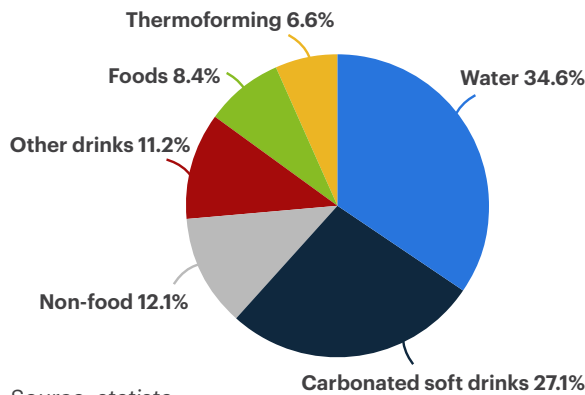


Source: statista

Bottled water and carbonated soft drinks (CSDs) dominate the PET packaging market. According to a report by British Plastic Federation (BPF), almost 70% of the soft drinks produced in the global market are packaged in PET bottles, while the remaining 30% get packed in other variety of packaging materials such as the glass, metal cans, and paper-based cartons.

The global polyethylene terephthalate (PET) bottle market touched a volume of 13.1 million tonnes in 2020 and is expected to reach a volume of 15.2 Million Tonnes by 2026.

Distribution of polyethylene terephthalate (PET) packaging consumption worldwide in 2019, by end-use sector.

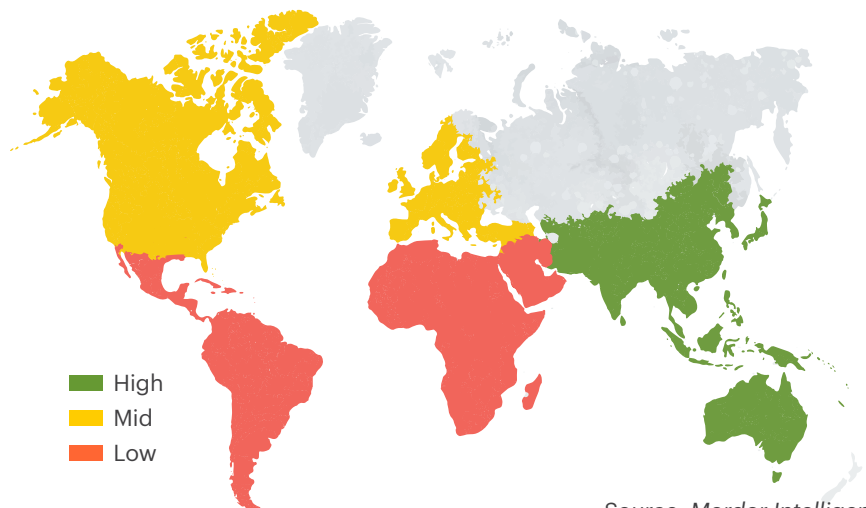


Source: statista.

The COVID-19 pandemic and its related restrictions have impacted the PET bottle market. The industry witnessed supply chain disruption and lowered consumer demand due to the pandemic. However, the expanding avenues of the usage of PET bottles as packaging solutions for varied products such as salad dressings, household cleaners, hand sanitizers, medicines, dish detergents and others, provide it the much needed growth impetus.

Globally, plastic continues to be the largest used material for packaging due to easy to handle and light weight characteristics of it. Asia-Pacific is the largest regional consumer of PET packaging, accounting to around 36.7% of the global PET packaging consumption in 2019. The global PET packaging demand is expected to touch 27.13 million tonnes by 2025.

**PET Bottles Market – Growth Rate by Region (2020-2025)**



Source: Mordor Intelligence.

### Key Market Drivers for PET

- Changing food patterns and rising disposable incomes of consumers have increased the demand for bottled beverages, particularly in developing countries such as India and China. In addition to, changing lifestyles have enabled consumers to opt for on-the-go beverages.
- Changes in packaging regulations of various countries have influenced the PET bottles industry, which in turn is looking at innovative methods to improve shelf life, reduce cost of energy and make bottle-to-bottle recycling possible and sustainable.
- Technology advancements and use of innovative methods as part of PET packaging has been increasingly looked at by companies in the food and beverages industry.
- Expanding demand for PET bottles in other non-food segments such as cosmetics, personal care and home care due to its characteristics such as flexibility, rigidity and easy to handle.

Sources: IMARC Group, ResearchandMarkets, Smithers, MarketWatch, Statista, MordorIntelligence and The Business Research Company.

### Indian PET Market Overview

In FY2021, the Indian Polyethylene Terephthalate (PET) market demand stood at 1.08 Million Tonnes. The industry is estimated to touch 1.84 Million Tonnes by FY2030, growing at a healthy CAGR of 6.12% until 2030.

PET has become a primary material for packaging in the country with a spurt in demand witnessed during the pandemic due to enhanced focus on disposability and hygiene to reduce chances of infections. Moreover, there has been a significant increase in usage of PET bottles as packaging material in the pharmaceutical sector owing to the

quality standards and safety protocols. The healthcare and pharmaceutical sectors are expected to lead the demand for PET bottles in India in the near future.

### PET Industry Growth Drivers in India

- Rising disposable income, growing urbanization and extensive industrialization are expected to drive the growth of Indian PET resins market. According to McKinsey Global Institute report, India is expected to be the 5<sup>th</sup> largest consumer market by 2025 in the world.
- Increasing replacement of traditional packaging materials with PET resins for durability, flexibility and convenience.
- Growing demand for PET resin for packaging of alcoholic and non-alcoholic beverages to suit the changing lifestyle of consumers and make products cost efficient.
- Emphasis on sustainability and strict environmental regulations driving the growth of recycled PET containers and material, in various industries such as food packaging applications.
- Enhance focus on hygiene and well-being, leading to shift to PET packaging by sectors such as pharmaceuticals and food & beverages.

### Global Recycled PET industry

Global Recycled PET market size is expected to reach USD 14.40 billion by 2028, growing at a CAGR of 6.7% during 2021-2028. In the world market, PET continues to hold the largest share in the packaging industry for food and non-food products, including liquids. It is preferred over other materials in the food and beverages industry, in specific, due to its strength, thermo-stability, and transparency, and since it is inexpensive, lightweight, shatter-resistant and recyclable.

Asia-Pacific region is expected to account for the highest incremental growth for PET and recycled PET as the growing global population and resultant consumption of beverages and bottled water, would subsequently increase the usage of PET bottles and positively impact the recycling market growth in the region. Growing focus on recycling plastic by manufacturing companies will have a positive impact on the recycle market for the plastic bottle industry.

Source: Businesswire and ResearchandMarkets.

### Indian Recycled PET industry

India generates around 9.46 million tonnes of plastic waste per year or around 946,000 truckloads at 10 tonnes a truck. It is this huge amount of plastic waste that has been attracting companies to look at waste recycling aggressively as India pushes for a circular economy agenda. According to a 2019-2020 report by the Central Pollution Control Board (CPCB) that collates data from 60 major cities in the country, India generates around 26,000 tonnes of plastic waste a day out of which 60% of plastic produced is recycled. PET bottles make a significant part of the plastic waste disposed of in the country.

As per a report by the National Chemical Laboratory, about 70% of PET bottles get recycled into polyester fibres in India. While an estimated 15% get converted into straps and films. The PET recycling business in India is seen at ₹ 3,500 crore annually.

The Indian government has been pushing the agenda of banning plastics that are not recyclable and hazardous to the environment. Under its aim to reduce waste, the Government of India has already banned imports of plastic waste into the country. It recently launched a nationwide campaign on phasing out single use plastics.

Niti Aayog, the public policy think tank, has proposed a comprehensive “National Material Recycling Policy” for the country to promote coordinated efforts of the national and state level programs, plans and actions towards ramping up material recycling in India in an organized manner. The Ministry of Environment, Forest and Climate Change under the Plastic Waste (Management and Handling) Rules, 2018 has given further thrust on plastic waste minimization, source segregation, recycling, involving waste pickers, recyclers and waste processors in collection of plastic waste fraction either from households or any other source of its generation or intermediate material recovery facility and adopt polluter’s pay principle for the sustainability of the waste management system, among others.

Source: CPCB, Outlook India, The Indian Express, Financial Express, Chemanalyst, IndiaSpend and NITI Aayog.

### Global Textile and Apparel Industry

The global textile market is expected to grow from USD 594.1 billion in 2020 to USD 654.7 billion in 2021 at a compound annual growth rate (CAGR) of 10%. The market is expected to reach USD821.7 billion in 2025 at a CAGR of 6%. Asia Pacific is the largest region in the global textile market, accounting for 51% of the global market in 2020. Western Europe accounts for 17% of the global market as the second largest region. Africa was the smallest region in the global textile market.

While the spread of COVID-19 infection across the world impacted the global textile and apparel industry with restrictions marring the supply chain and muting the consumer demand, technological advancement and environmental awareness is driving the next wave of growth in the textile industry.

While the global apparel market contracted by 22% from USD 1,635

billion in 2019 to \$1,280 billion in 2020, the consumption is expected to reach to pre-Covid levels over next couple of years to further continue its growth path to reach \$2,007 billion by 2025. Overall, the global textile and apparel trade is expected to touch \$1 trillion by 2025. China held 34% market share in the global textile and apparel trade in 2019 with exports worth \$284.5 billion.

### Key Growth Drivers:

- Growing e-commerce industry and rise in online shopping, providing larger selling platform and reach.

- Rising awareness towards sustainable clothing and manufacturing.
- Increase in demand for natural fibres and recycled materials such as use of recycled plastic as thread.
- Growth of smart textile across segments.
- Increase in demand for lightweight and multifunctional fabrics.

### Global Textile and Apparel Trade




#### Leading Textile and Apparel Exporters (2019)

Value US\$ (Billion)

| Country      | Exports      |              |              | Share (%) |
|--------------|--------------|--------------|--------------|-----------|
|              | Textile      | Apparel      | Total        |           |
| China        | 134.6        | 149.9        | 284.5        | 34        |
| Vietnam      | 10.2         | 33.7         | 43.9         | 5         |
| Bangladesh   | 1.8          | 40.9         | 42.7         | 5         |
| Germany      | 15.5         | 23.8         | 39.3         | 5         |
| India        | 20.2         | 16.2         | 36.4         | 4         |
| Italy        | 12.8         | 23.6         | 36.4         | 4         |
| Turkey       | 12.2         | 16.1         | 28.2         | 3         |
| USA          | 21.7         | 5.2          | 26.9         | 3         |
| Spain        | 5            | 14.3         | 19.3         | 2         |
| France       | 5.6          | 12           | 17.6         | 2         |
| ROW          | 117.2        | 146.3        | 263.5        | 31        |
| <b>Total</b> | <b>356.8</b> | <b>481.9</b> | <b>838.7</b> |           |

Source: UN Comtrade and Wazir Analysis.



### Leading T&A Exporters Category-wise

|                        |  USA |  Australia |  China |
|------------------------|---|---|--|
| <b>Fibre</b>           |   |   |  |
| Export Value (US\$ Bn) | 6.67  | 3.30  | 3.12   |
| Market Share           | 20%   | 10%   | 9%   |

|                        |  China |  India |  Vietnam |
|------------------------|---|---|--|
| <b>Yarn</b>            |   |   |  |
| Export Value (US\$ Bn) | 5.53  | 3.69  | 3.17   |
| Market Share           | 21%   | 14%   | 12%  |

|                        |  China |  Italy |  S. Korea |
|------------------------|---|---|---|
| <b>Fabric</b>          |   |   |   |
| Export Value (US\$ Bn) | 72.70   | 7.57  | 7.26  |
| Market Share           | 45%   | 5%  | 5%  |

|                        |  China |  India |  Turkey |
|------------------------|---|---|--|
| <b>Home Textiles</b>   |   |   |  |
| Export Value (US\$ Bn) | 19.20   | 5.79  | 4.14   |
| Market Share           | 37%   | 11%   | 8%   |

|                        |  China |  Bangladesh |  Vietnam |
|------------------------|---|--|---|
| <b>Apparel</b>         |   |  |   |
| Export Value (US\$ Bn) | 149.90  | 40.90  | 33.70   |
| Market Share           | 31%   | 8%   | 7%  |

Source: UN Comtrade and Wazir Analysis.

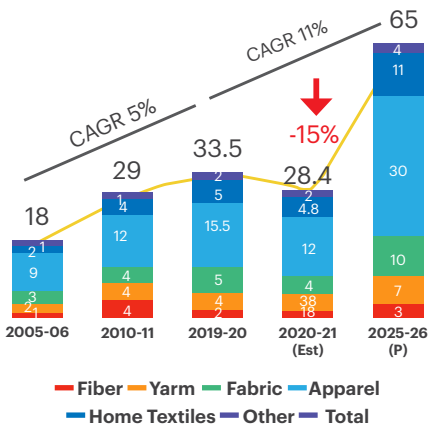
**Indian Textile and Apparel Industry**

The Indian textile and apparel market is estimated at USD 75 billion in 2020-21. The market de-grew by 30% from USD 106 billion in 2019-20 on the back of COVID-19 pandemic and its related restrictions. However, the market is expected to recover and grow at a CAGR of 10% from 2019-20 to reach USD 190 billion by 2025-26. The share of apparels stands at ~73% of the total textile and apparels market in India.

India is the 5<sup>th</sup> largest exporter of textile and apparels in the world with exports worth around USD 33.5 billion in 2019-20. In 2020-21, the exports of textile and apparels dipped around 15% to touch USD 28.4 billion due to the pandemic. The exports are expected rebound to touch USD 65 billion by 2025-26, growing at a CAGR of 11%. Moreover, the restriction imposed by USA on imports from China will also increase the opportunity for India to increase its exports.

**Indian Textile and Apparel Exports**

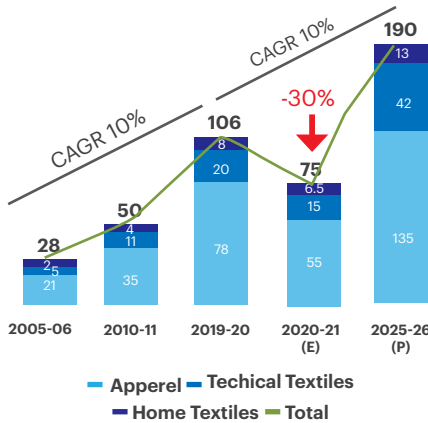
Indian Textile and Apparel (US\$ billion)



Source: DGCI&S, and Wazir Analysis.

**India's Domestic Textile and Apparel Market**

India's Domestic Textile and Apparel Market Size (US\$ billion)



Source: DGCI&S, and Wazir Analysis.

**Highlights of Union Budget 2021-22**

- Mega Investment Textiles Parks (MITRA) scheme, in addition to Production linked Incentive (PLI) scheme.
- 7 Textile Parks to be established over 3 years.
- Textile industry to become globally competitive, attract large investments and boost employment generation & exports.
- Basic Customs Duty (BCD) on caprolactam, nylon chips and nylon fiber & yarn reduced to 5%.
- National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1,480 crore (USD 211.76 million).

**Government Initiatives**

- India-UK free trade agreement to boost the garments sector. In 2020-21, UK became India's 14<sup>th</sup> largest trading partner, accounting for USD 8.7 billion in exports and USD 6.7 billion in imports.

- The Textile Ministry expects more market access for the Indian textiles and clothing sector in order to achieve its full potential.
- India-Japan pact on cooperation in textiles to facilitate Indian exporters to meet the requirements of Japanese importers as per the latter's technical and quality regulations.
- Production linked Incentive (PLI) scheme worth USD 1.44 billion (₹ 10,683 crore) for manmade fibre and technical textiles over a five year period.

**Financial Review**

Ganesh Ecosphere has registered a fall in consolidated revenues from operations to ₹ 751.14 crore in FY21 as against ₹ 888.83 crore recorded in the previous year. The Company's consolidated PAT stands at ₹ 45.51 crore as compared to ₹ 64.00 crore for the year. Net cash from operating activities after tax is ₹ 27.39 crore as compared to ₹ 79.98 crore in the previous year. The fall in revenue and profits are mainly caused by nationwide lockdown imposed by central and state government to combat the spread of COVID-19.

During the year, the Company's EBITDA margins stand at 11.28% and ROCE at 10.93%. There has been significant improvement in sales price backed by higher focus on premium value-added products and rise in raw material prices that controlled the sales price. The cost of raw materials consumed is ₹ 460.36 crore as against ₹ 557 crore of the FY-20. The cautious measures undertaken towards working capital management and resource utilisation have enabled the Company to improve its gross margins and cost management. The Company's Debt to Equity Ratio for FY21 is 0.24. Net worth is at ₹ 518.83 crore in FY21 as against ₹ 477.69 crore in the previous year.

The Board of Directors has announced a dividend pay-out of 20%. The market cap of Ganesha Ecosphere stands at ₹1286.95 crore as on March 31, 2021.

### Key Financial Ratio

| Particulars                        | Financial year ended March 31, 2021 | Financial year ended March 31, 2020 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Debtors' turnover (x)              | 7.40                                | 9.57                                |
| Inventory turnover (x)             | 4.73                                | 6.47                                |
| Interest coverage ratio (x)        | 7.84                                | 11.74                               |
| Current ratio (x)                  | 2.22                                | 3.23                                |
| Debt-equity ratio (x)              | 0.24                                | 0.19                                |
| Operating Profit Margin (%) (EBIT) | 9.10                                | 10.27                               |
| Net Profit Margin (%)              | 5.97                                | 7.14                                |
| Return on Average Equity (%)       | 9.13                                | 14.28                               |

The Changes in the ratios are due to subdued performance of the Company during the financial year 2021, In comparison to last financial year, 2020, on account of adverse impact of the COVID-19 pandemic over the business performance of the Company.

### HR

At Ganesha Ecosphere, our people are integral to the growth story. During FY21, we undertook various policy and financial measures to support our employees in these testing times of COVID-19. Our steps towards digitalisation of HR process that began a few years back enabled us to tide over the pandemic situation smoothly as our people continued to work remotely as well as from plants (later half of the year) under strict COVID-19 protocol.

Some of the key measures undertaken by us to combat the COVID-19 situation include;

- We provided easily available Loan/ Advances to employees to ensure no financial hardship is faced by any of our employee's family.
- Proper Medical Check-up Facility was provided to employees and their families.
- Mental Health Support and Counselling was provided to employees and their families.
- Medical Testing Facilities was also provided to employee's families to ensure their physical well-being.

As on March 31<sup>st</sup>, 2021, the total

permanent workforce of the company stands at 2793.

### Risk Management

Ganesha Ecosphere has a comprehensive Risk Management Framework that enables the Company to identify risks, assess them and act on a well-thought-out mitigation plan. Our Board and senior management team oversees the Risk Management system. It has become a part of how the Company operates on a day-to-day basis and is woven into our structure and operating principles, guiding the implementation of the organisation's strategic imperatives.

| Risk         | Risk Assessment  | Mitigation   |
|--------------|--|--|
| Raw material | The inability to procure raw material adequately at the right cost could impact operations | Through its massive collection network, the Company is able to source a required quantum of raw material at a reasonable cost. Capacity utilization of more than 100% over last few years is the strong evidence of Company's ability to source adequate raw material. |
| Product      | The Company's products may not remain relevant in the market.                              | The Company has the capability to supply high quality fibre and yarn in different variants for required application to its customers.  |
| Cost         | An increase in operating cost could adversely impact profitability.                        | The Company is continuously working towards debottlenecking and cost optimisation initiatives, helping optimise operations costs and strengthen profitability.   |
| Demand       | Potential for a loss due to a gap between forecast and actual demand.                      | The Company caters to various segments from yarn spinning to manufacture technical & non-woven textiles. Over the period, Company's capacity and sale volume is constantly increasing barring FY21, when production and volume both are lower due to Covid-19 impact.  |

| Risk     | Risk Assessment   | Mitigation  |
|----------|---|---|
| Forex    | Foreign currency fluctuation could impact the profits of the Company.   | Currency risks are managed by constant monitoring exposures and limiting the same in view of applicable margins under the relevant market segments. Also, some portion of the foreign currency is hedged to mitigate any adverse movements in currency fluctuations.  |
| Pandemic | 2020 witnessed one of 21st century's worst health crisis in the form of COVID-19 infection, i.e. coronavirus. The pandemic has spread fast across nations, impacting businesses and human lives. As it continues to grow at an accelerating pace, governments around the world announced various measures to curb the spread of the infection. Lockdowns and travel restrictions were announced to contain the virus, resulting into an economic shock, magnitude of its effect is yet to be ascertained as the world continues to be under the pandemic. | In light of the challenges posed by the pandemic, the Company has leveraged its manufacturing facilities to innovate and produce new products. We have increased our focus on: <ul style="list-style-type: none"> <li>- Employee well-being</li> <li>- Innovation in products</li> <li>- Newer markets</li> <li>- Prudent cash management, and</li> <li>- Cost optimisation.</li> </ul> |

### Internal Control Systems

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

### Business Outlook

While the resurgence of COVID-19 infections with newer variants continues to remain a concern for the world, the rapid inoculation drives

across countries and reopening up of economic activities in our main markets reassures our resolute to continue our growth story at a steady pace.

Ganesh Ecosphere Limited (GESL) has been on a consistent growth trajectory from past 25 years. We are furthering our aim to maintain our position as the largest PET recyclers in India by expanding and adding new capacities, diversifying our product mix and deepening our global reach. We have been enabling our partners across the world to achieve their sustainability goals with our value-added products derived from PET bottle recycling. In this green journey, our business line has been evolving with newer avenues and solutions that reinstate our motto to turn waste into wealth.

### Disclaimer

The statements in the 'Management Discussion and Analysis' section describing the Company's objectives, projections, estimates and predictions may be considered as forward-looking statements. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market positioning, expenditures and financial results are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement on the basis of any subsequent developments, information or events.

# DIRECTORS' REPORT

To  
The Members of  
Ganesha Ecosphere Limited

Your Directors have pleasure in presenting the Thirty-Second Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2021.

## FINANCIAL RESULTS

The summarized financial results of the Company for the year ended 31st March, 2021 as compared to the preceding year are as under:

(₹ in Crore)

|  | Standalone                   |                              | Consolidated                 |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
| Total Income   | 761.91                       | 896.33                       | 760.57                       | 896.24                       |
| Profit before Finance Costs, Depreciation and Amortization Expense | 95.49                        | 119.30                       | 93.92                        | 119.10                       |
| Less: Finance Costs  | 8.71                         | 7.78                         | 8.81                         | 7.78                         |
| Less: Depreciation & Amortization Expense                          | 27.16                        | 28.05                        | 27.16                        | 28.05                        |
| <b>Profit before Tax</b>   | <b>59.62</b>                 | <b>83.47</b>                 | <b>57.95</b>                 | <b>83.27</b>                 |
| Tax Expense  | (14.43)                      | (19.59)                      | (14.43)                      | (19.59)                      |
| <b>Profit after Tax</b>  | <b>45.19</b>                 | <b>63.88</b>                 | <b>43.52</b>                 | <b>63.68</b>                 |
| Add: Other Comprehensive Income                                    | 0.32                         | 0.12                         | 0.32                         | 0.12                         |
| <b>Total Comprehensive Income</b>                                  | <b>45.51</b>                 | <b>64.00</b>                 | <b>43.84</b>                 | <b>63.80</b>                 |
| Balance in retained earnings at the beginning of the year          | 306.93                       | 248.20                       | 306.73                       | 248.20                       |
| <b>Profit after Tax available for appropriation</b>                | <b>352.44</b>                | <b>312.20</b>                | <b>350.57</b>                | <b>312.00</b>                |
| Dividend Paid  | (4.37)                       | (4.37)                       | (4.37)                       | (4.37)                       |
| Dividend Distribution Tax  | -                            | (0.90)                       | -                            | (0.90)                       |
| Transfer to General Reserve  | -                            | -                            | -                            | -                            |
| <b>Balance in retained earnings at the end of the year</b>         | <b>348.07</b>                | <b>306.93</b>                | <b>346.20</b>                | <b>306.73</b>                |

## FINANCIAL AND OPERATIONAL PERFORMANCE

The standalone and consolidated financial statements for the financial year ended 31st March, 2021, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs and as amended from time to time.

On standalone basis, the total income of the Company was ₹761.91 Crore. The Operating Profit (EBITDA) stood at ₹95.49 Crore. During the year under review, the Company has earned Net Profit of ₹45.19 Crore.

On consolidated basis, the Company achieved a total income of ₹760.57 Crore. Our consolidated net profit for the year is ₹43.52 Crore.

During the year under review, the performance of the Company was adversely affected due to nationwide lockdown imposed by Central and State Government(s) to combat the COVID-19 pandemic. Accordingly, the financial performance of the Company for the year ended on 31st March, 2021 is not comparable to the previous year.

### IMPACT OF COVID 19 PANDEMIC

COVID-19 had adversely affected almost all economies of the World including India. Pursuant to the nationwide lockdown imposed by the Government of India since March, 2020 to contain the spread of COVID-19 outbreak, the Company's operations were suspended temporarily, which gradually resumed in a phased manner adhering to the prescribed safety

norms. Complete operations at all manufacturing locations could be resumed during July, 2020.

The Company remains watchful of the potential impact of COVID-19 pandemic, particularly the current “second wave” and based on its review of current indicators of future economic conditions, it does not anticipate any challenge in its ability to continue as going concern. The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as on the date of this Report. The Company will continue to monitor any material changes to future economic conditions.

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

On 4th June, 2021, a major fire accident took place at Company’s Polyester Staple Fiber manufacturing unit located at, Kanpur Dehat, Uttar Pradesh. Out of three Production Lines of the unit, two Production lines were fully destroyed along-with related buildings, plant and machinery, godowns and inventories. There was no loss or injury to human life.

Based on internal evaluation, the Company has recognized a loss of ₹ 33.58 Crore and also recognized deferred tax asset of ₹ 8.45 Crore in the books of the quarter ended 30th June, 2021. The net impact of this loss is ₹ 25.13 Crore. The loss of assets is fully covered by the fire insurance policy and management is quite confident in getting full compensation of loss from insurance company.

Also, second wave of COVID-19 pandemic during April and May, 2021 has made some impact on the performance of the Company during the current year. However, we believe that there may not be significant impact of the pandemic on the financial position and performance of the Company, in long-term.

Except above, no material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this Report.

#### **RATING**

During the financial year 2020-21, the following ratings have been re-affirmed by ICRA and CARE:

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

timely payment of financial obligations. Such facilities carry lowest credit risk.

#### **DIVIDEND**

Your Directors are pleased to recommend a dividend of ₹2/- per share (i.e. @ 20%) on Equity Shares of ₹10/- each of the Company, involving cash outflow of ₹436.59 lakh of the Company’s standalone net profit for the financial year 2020-21. Dividend is subject to approval of members at the ensuing Annual General Meeting (AGM) and shall be subject to deduction of income tax at source.

During the year under review, unpaid dividend for the financial year 2012-13 amounting to ₹10.48 Lakh being unclaimed for more than 7 years from the date it was lying in the unpaid dividend account, had been transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government, in terms of Section 124(5) of the Companies Act, 2013.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), the Board of Directors at their meeting held on 6th August, 2021 has approved and adopted a Dividend Distribution Policy which endeavours for fairness, consistency and sustainability while distributing profits to the shareholders. The Dividend Distribution policy is available on the Company’s website at <https://www.ganeshaecosphere.com/corporate-governance-policies>.

#### **SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

As on 31st March, 2021; the Company had two wholly owned subsidiaries, namely:

- Ganesha Ecopet Private Limited; and
- Ganesha Ecotech Private Limited (incorporated on 17th November, 2020)

However, your Company has no Associate and Joint Venture Companies during the year ended on 31st March, 2021.

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

Both wholly owned subsidiaries of the Company have not started any manufacturing operations as of 31st March, 2021. A statement containing salient features of the Financial Statements of the Subsidiaries in the prescribed format in Form AOC-1 as required under first proviso to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 is included in this Report as “Annexure A” and forms an integral part of this Report.

In terms of the provisions of Section 136 of the Companies Act, 2013 read with the Listing Regulations, the Audited Financial Statements of the Subsidiary Companies are placed on website of the Company and can be accessed at <https://www.ganeshaecosphere.com/subsidiary>.

In July, 2021, the Company has completed the acquisition of an under construction PET washing plant at Nepal by acquiring the entire shareholding of 'Ganesh Overseas Private Limited' (Formerly known as Essel Industries Nepal Private Limited). Accordingly, Ganesh Overseas Private Limited has become a wholly-owned subsidiary of the Company.

The policy for determining material subsidiaries of the Company is available on the Company's website at <https://www.ganeshaecosphere.com/corporate-governance-policies>

### **GANESHA ECOSPHERE EMPLOYEES' STOCK OPTION SCHEME 2021**

During the year under review, the "Ganesh Ecosphere Employees' Stock Option Scheme 2021" ("ESOP Scheme") was approved by the shareholders of the Company on 26th February, 2021. Under this Scheme, the eligible employees of the Company and of its subsidiaries will be entitled to exercise the Employee Stock Options (ESOPs) granted to them at the exercise price during the exercise period. The Nomination and Remuneration Committee of the Board shall administer the ESOP Scheme through Ganesh Employees' Welfare Trust. The provisions of the Scheme are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

During the year under review, no ESOPs were granted under the Scheme and thus the Scheme has only been passed and not implemented. Hence, the disclosure requirement under the SEBI's Circular No. CIR/CFD/POLICY CELL/2/2015 dated 16th June, 2015 and the Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Members of the Company, at the 31st Annual General Meeting held on 22nd September, 2020, have appointed Dr. Shobha Chaturvedi (DIN: 08553800) as a Non- Executive Independent Director of the Company, not liable to retire by rotation, for a term of 5 (five) consecutive years w.e.f. 5th September, 2019 upto the conclusion of 35th AGM of the Company to be held in the calendar year 2024.

During the year under review, Shri Anoop Gupta (DIN: 00153340) ceased to be a Non-Executive Independent Director of the Company with effect from 22nd September, 2020 upon completion of his second term as Independent Director. Further, Smt. Seema Sharma (DIN: 07466530), Non-Executive Director retired from the Board by rotation on 22nd September, 2020. The Board places on record its deepest gratitude and appreciation towards valuable contribution made by Shri Anoop Gupta and Smt. Seema Sharma during their tenure as directors of the Company.

Shri Gopal Singh Shekhavat, Director (Administration) of the Company, left us for his heavenly abode on 24th December, 2020. Late Gopal Singh Shekhavat was appointed to the Board of the Company as Director (Administration) w.e.f. 1st June, 2013. He had played crucial leadership roles and was successful in sustaining the Company in all hard times. His sad demise is an irreparable loss to the Company. The Board of Directors of the Company express their deepest condolences and pay tribute to Late Gopal Singh Shekhavat.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Vishnu Dutt Khandelwal (DIN: 00383507), Executive Vice Chairman 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. The Board recommends the proposal of his re-appointment for consideration of the Members at the ensuing Annual General Meeting (AGM) of the Company. A brief profile of Shri Vishnu Dutt Khandelwal has been provided in the Notice of ensuing AGM.

### **DECLARATION FROM INDEPENDENT DIRECTORS**

The Company had received the declarations u/s 149(7) of the Companies Act, 2013 from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and they have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs.

In the opinion of the Board, all the Independent Directors on the Board of the Company possess requisite qualifications and attributes of integrity, expertise and experience.

## COMPOSITION OF AUDIT COMMITTEE

As on 31st March, 2021, the Audit Committee of the Company consisted of Five Directors, out of which Four Directors are independent. The composition and other details are provided in the Corporate Governance Report of the Company. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, in respect of the financial year ended 31st March, 2021, 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. Internal Auditors of the Company periodically audit the adequacy and effectiveness of the internal controls laid down by the management. The Audit Committee of the Board of Directors also 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 2020-21 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.

## ANNUAL RETURN

The copy of Annual Return as required under Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, is placed on the Company's website and can be accessed at <https://ganeshhaecosphere.com/admin/UploadedFiles/ContentImages/AnnualReturn/Annualreturn2019-2020.pdf>

## LISTING

The Equity Shares of the Company are presently listed at BSE Limited and National Stock Exchange of India Limited and the listing fee, for the year 2021-22, for both the Stock Exchanges is paid.

## AUDITORS AND AUDITORS' REPORT

### a. Statutory Auditors

M/s. Narendra Singhania & Co., Chartered Accountants, New Delhi were appointed as Statutory Auditors of the Company at the 28th Annual General Meeting of the Company held on 25th September, 2017, who shall hold office till the conclusion of the 33rd Annual General Meeting in accordance with the provisions of the Companies Act, 2013. The Auditors have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

The Auditors' Report for the financial year 2020-21 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 2020-21. The Secretarial Audit Report for the financial year ended 31st March, 2021 is annexed herewith as "Annexure B".

The Secretarial Audit Report for the Financial Year 2020-21 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.:000022) and M/s. Rakesh Misra & Co., Cost Accountants (Firm Regn. No.: 000249), have been appointed as Cost Auditors of the Company to conduct the audit of the Cost Accounts of the Company in respect of its products 'Yarn' and 'Recycled Polyester Staple Fibre' respectively, for the financial year 2021-22.

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

#### 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 2020-21. Quarterly Internal Audit Reports are placed before the Audit Committee of the Company for its review.

#### REPORTING OF FRAUDS

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

#### RELATED PARTY TRANSACTIONS

During the financial year under review, all transactions entered into with Related Parties were in the ordinary course of business and on an arm's length basis and they were placed before the Audit Committee for approval. Omnibus approval from the Audit Committee was obtained on annual basis for transactions of repetitive nature. During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material in accordance with the Company's Related Party Transactions Policy. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013, in Form AOC-2 is not applicable. The related party transactions are disclosed under Note No. 34 of the Notes to the Standalone Financial Statements for the year ended 31st March, 2021.

The Company's Policy on Related Party Transactions is disclosed on the website of the Company at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/related-party-transaction.pdf>

#### PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS BY THE COMPANY

Pursuant to Section 186 of the Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars

of loans given, investments made, guarantees and/ or securities provided along with the purpose for which the loan or guarantee or security were proposed to be utilized by the recipient are provided in the notes to the financial statements.

#### WHISTLE BLOWER POLICY

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

The Policy has been posted on the website of the Company and may be accessed at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/whistle-blower-policy.pdf>

#### NOMINATION AND REMUNERATION POLICY

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

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

The Nomination, Remuneration and Board Diversity Policy of the Company is available on the website of the Company at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/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 25th January, 2021, 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 30th March, 2021, performance of non-independent directors, the Chairman of the Company and the Board as a whole was

evaluated, taking into account the views of Executive Directors and other Non-Executive Directors. Independent Directors have also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board and recorded their satisfaction with the flow of information.

### **RISK MANAGEMENT**

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

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

The Risk Management Policy has been uploaded on the Company's website and may be accessed at the link [https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/Risk\\_Management\\_-\\_Policy.pdf](https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/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. In compliance with Section 135 of the Companies Act, 2013, the Company has undertaken CSR activities, projects and programs as provided in the CSR policy of the Company and as identified under Schedule VII to the Companies Act, 2013.

The detailed report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is set out as "Annexure C" and forms an integral part of this Report.

In order to incorporate the amendments notified through the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22nd January, 2021, the Board of Directors at their meeting held on 6th August, 2021 has amended the CSR policy of the Company. The CSR Policy may be accessed at the link <https://www.ganeshaecosphere.com/corporate-governance-policies>.

### **BUSINESS RESPONSIBILITY REPORT**

In terms of Regulation 34(2) of Listing Regulations, a Business

Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is provided in a separate section forming part of the Annual Report.

### **DEPOSITS**

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

In terms of Rule 2(1)(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company, during the year, had accepted an amount of ₹2.74 Crore as unsecured loans from the Directors and the balance outstanding as on 31st March, 2021 was ₹4.25 Crore.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

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

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure 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 2020-21.

### **GENERAL**

- The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
  - The Company has not issued any shares (including sweat equity shares) to employees of the Company or its subsidiary under any scheme.
  - There is no change in the Share Capital Structure of the Company during the year under review.
  - There was no revision in the financial statements.
  - Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- There has been no change in the nature of business of the Company.
  - There is no proceeding initiated/ pending against the Company under the Insolvency and Bankruptcy Code, 2016.
  - There was no instance of onetime settlement with any Bank or Financial Institution.

### **ACKNOWLEDGEMENTS**

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

Your Directors also wish to express their deepest appreciation to the employees at all levels, whose dedicated efforts, co-operation and unending support helped the Company in delivering results despite the challenges. We are also grateful to all the shareholders, customers, dealers, agents, suppliers and bankers of the Company for reposing continued trust, support and confidence in the management of the Company.

**For and on behalf of the Board  
(Shyam Sunder Sharma)  
Chairman  
DIN: 00530921**

Place : Kanpur  
Date : 6th August, 2021

# FORM AOC-1

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

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

## Part "A": Subsidiaries

(₹ in Lakh)

| S. No.  | 1                               | 2                                |
|---|---------------------------------|----------------------------------|
| Name of the subsidiary  | Ganesha Ecopet Private Limited* | Ganesha Ecotech Private Limited* |
| The date since when subsidiary was acquired   | Incorporated on 19/11/2019      | Incorporated on 17/11/2020       |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 01/04/2020 to 31/03/2021        | 17/11/2020 to 31/03/2021         |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Indian Rupees (INR)             | Indian Rupees (INR)              |
| Share Capital   | 1000.00#                        | 1500.00                          |
| Reserves and Surplus (Other equity)   | (25.22)                         | (17.82)                          |
| Total Assets  | 5235.66                         | 1720.64                          |
| Total Liabilities   | 5235.66                         | 1720.64                          |
| Investments   | -                               | -                                |
| Turnover  | -                               | -                                |
| Profit (loss) before taxation   | (14.47)                         | (17.82)                          |
| Provision for taxation  | -                               | -                                |
| Profit (loss) after taxation  | (14.47)                         | (17.82)                          |
| Proposed dividend   | -                               | -                                |
| Extent of Holding %   | 100%                            | 100%                             |

#excludes preference share capital as preference shares are treated as financial liability under IND AS 32.

\*not commenced operations till 31st March, 2021.

## Part "B": Associates and Joint Ventures

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

| Name of Associate/ Joint Ventures   | Name 1 |
|---|--------|
| 1 Latest Audited Balance sheet Date   |        |
| 2 Date on which the Associate or Joint Venture was associated or acquired   |        |
| 3 Shares of Associate/ Joint Ventures held by the company on year end.      |        |
| i No.   |        |
| ii Amount of investments in Associates/ Joint Venture                       |        |
| iii Extent of Holding %   | N. A.  |
| 4 Description of how there is significant influence                         |        |
| 5 Reason why the associate/ joint venture is not consolidated               |        |
| 6 Networth attributable to Shareholding as per latest audited Balance Sheet |        |
| 7 Profit/Loss for the year  |        |
| i Considered in consolidation   |        |
| ii Not considered in consolidation  |        |

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
(DIN: 00383178)

**Shyam Sunder Sharmma**  
Chairman  
(DIN: 00530921)

**Bharat Kumar Sajnani**  
Company Secretary

**Gopal Agarwal**  
Chief Financial Officer

# SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2021

[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,  
**Ganesh 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 Ganesh Ecosphere Limited [CIN: L51109UP1987PLC009090] (hereinafter called the 'Company') for the Financial year ended 31st March, 2021. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has during the Financial year ended on 31st March, 2021 ('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, 2021, according to the provisions of:

- (i) The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable as the Company has not entered into any transactions relating to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the audit period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **[Not applicable as there was no reportable event during the Audit Period];**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable as the Company has not issued and listed any debt securities during the Audit Period);**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the Audit period);**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not applicable as there was no reportable event during the Audit Period];**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not applicable as there was no reportable event during the period under review];** and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis and representation made by the Company and its officers, the Company has complied

with the provisions of Plastic Waste Management Rules, 2016 specifically applicable to the Company.

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

- (i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and the General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to following observation:-

*Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has spent an amount of ₹ 141.20 Lakhs on CSR activities as against ₹ 160.00 Lakhs required to be spent during the financial year ended 31st March, 2021 and the unspent CSR amount of ₹ 18.80 Lakhs on account of ongoing projects was transferred to a separate bank account.*

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

We further report that based on the information provided by the Company, its officers and

authorised representatives during the conduct of Audit and review of Internal Auditor's Report, periodical Compliance Reports submitted by respective Departmental heads and taken on record by the Audit Committee / Board of Directors of the Company, in our opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines and as informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

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

- (a) During the audit period under review, the following matters were approved by the members through the Postal Ballot (e-voting) process on 26th February, 2021:-
  - (i) issue of options to the employees in terms of the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 and rules framed thereunder and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 under the 'Ganesha Ecosphere Employees' Stock Option Scheme 2021' and to allot in one or more tranches, a maximum of 5% of paid up capital of the Company as at 31st March, 2020 comprising up to 10,91,469 Employee Stock Options ("Options");
  - (ii) grant of employee stock options to the employees of subsidiary company (ies) (in India or outside India) under the 'Ganesha Ecosphere Employees' Stock Option Scheme 2021' in terms of Regulation 6(3) (c) and other applicable provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (iii) acquisition of 10,91,469 Equity Shares of the Company by 'Ganesha Employees' Welfare Trust', in one or more tranches by way of secondary acquisition under 'Ganesha Ecosphere Employees' Stock Option Scheme, 2021' pursuant to Regulation 6(3)(a) and other applicable provisions of the Securities and Exchange Board of India (Share Based

- Employee Benefits) Regulations, 2014, Section 62(1)(b) of the Companies Act, 2013 and the Rules made thereunder read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iv) making provision of money by the company for purchase of its own shares by the trust / trustees for the benefit of employees under the 'Ganeshha Ecosphere Employees' Stock Option Scheme 2021' in accordance with the provisions of Section 67(3), 62(1)(b) of the Companies Act, 2013 read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (v) adoption of new set of Articles of Association of the Company consequent to the termination of Subscription and Shareholders' Agreement between the Company and MCAP India Fund Limited on 31st December, 2020 in terms of Clause 15 of the said Agreement so as to eliminate the effect of the Agreement in the existing Articles of Association of the Company and make them consistent and aligned with the provisions of the Companies Act, 2013 read with Rules made thereunder.
- (b) The Company has incorporated a Wholly-owned Subsidiary Company in the name and style of 'Ganeshha Ecotech Private Limited' (CIN: U37100UP2020PTC138065) on 17th November, 2020 in the State of Uttar Pradesh by subscribing 1,50,00,000 Equity Shares of ₹ 10/- each aggregating to Rupees 15,00,00,000/- .
- (c) The Board has decided to acquire an under construction PET washing plant in Nepal by purchasing the entire shareholding of Ganeshha Overseas Private Limited (Formerly known as 'Essel Industries Nepal Private Limited'), a Wholly owned Subsidiary of Essel Industries Private Limited.

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

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

Place: Kanpur  
Date: 6th August, 2021

UDIN:F002589C000744693

**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 ended 31st March, 2021 is to be read along with this letter**

## **Management's Responsibility**

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

## **Auditor's Responsibility**

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

## **Disclaimer**

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

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

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

UDIN:F002589C000744693

Place: Kanpur  
Date: 6th August, 2021

# ANNEXURE 'C' TO THE DIRECTORS' REPORT

Report on Corporate Social Responsibility (CSR) Activities/Initiatives for the year ended 31st March, 2021  
(Pursuant to Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014)

## 1. Brief outline on CSR Policy of the Company:

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:

| S. No. | Name of Director             | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|------------------------------|--------------------------------------|--|--|
| 1      | Shri Abhilash Lal (Chairman) | Non- Executive Independent Director  | 2  | 2  |
| 2      | Shri Pradeep Kumar Goenka    | Non- Executive Independent Director  | 2  | 2  |
| 3      | Shri Vishnu Dutt Khandelwal  | Promoter Executive Director          | 2  | 2  |
| 4      | Shri Sharad Sharma           | Promoter Executive Director          | 2  | 2  |

## 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee: <https://www.ganeshaecosphere.com/board-committee>

CSR Policy : <https://www.ganeshaecosphere.com/corporate-governance-policies>

CSR projects: <https://www.ganeshaecosphere.com/corporate-social-responsibility>

## 4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

| S. No. | Financial Year | Amount available for set-off from preceding financial years (in ₹) | Amount required to be set- off for the financial year, if any (in ₹) |
|--------|----------------|--|--|
|        |                | Not Applicable   |  |

## 6. Average net profit of the company as per section 135(5): ₹ 7996.98 Lakh

## 7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 159.94 Lakh

## (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL

## (c) Amount required to be set off for the financial year, if any: NIL

## (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 159.94 Lakh (Budget allocated : ₹ 160.00 Lakh)

## 8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |                |                  |
|--|---|------------------|---|----------------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5) |                |                  |
|  | Amount  | Date of transfer | Name of the Fund  | Amount         | Date of Transfer |
| ₹ 1,41,20,043/-                                  | ₹ 18,80,391/-   | 27.04.2021       |   | Not Applicable |                  |

## (b) Details of CSR amount spent against 'ongoing projects' for the financial year:

| 1            | 2   | 3   | 4                   | 5                       | 6        | 7                | 8                                       | 9   | 10   | 11                                       |  |                         |
|--------------|---|---|---------------------|-------------------------|----------|------------------|---|---|--|--|--|-------------------------|
| S. No.       | Name of the Project   | Item from the list of activities in Schedule VII to the Act                 | Local area (Yes/No) | Location of the project |          | Project duration | Amount allocated for the project (in ₹) | Amount spent in the current financial year (in ₹) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|              |   |   |                     | State                   | District |                  |   |   |  |  | Nam  | CSR Registration Number |
| 1            | Research in Science & Technology (IIT's incubation Programme) | Contribution to IITs engaged in conducting research in science & technology | Yes                 | Kanpur (Uttar Pradesh)  |          | 3 Years          | 22,99,500/-                             | 8,97,750/-  | 14,01,750/-  | No                                       | Indian Institute of Technology Kanpur                | NA                      |
| 2            | Education (Assistance to Schools)                             | Promoting Education among children & differently abled                      | Yes                 | Kanpur (Uttar Pradesh)  |          | 2 Years          | 9,78,641/-                              | 5,00,000/-  | 4,78,641/-   | Direct                                   |  | NA                      |
| <b>Total</b> |   |   |                     |                         |          |                  | <b>32,78,141/-</b>                      | <b>13,97,750/-</b>                                | <b>18,80,391/-</b>   |  |  |                         |

## (c) Details of CSR amount spent against 'other than ongoing projects' for the financial year:

| 1      | 2  | 3   | 4                    | 5                       | 6                      | 7                                   | 8  |  |                         |
|--------|--|---|----------------------|-------------------------|------------------------|-------------------------------------|--|--|-------------------------|
| S. No. | Name of the Project  | Item from the list of activities in Schedule VII to the Act | Local area (Yes/No). | Location of the project |                        | Amount spent for the project (in ₹) | Mode of Implementation - Direct (Yes/No) | Mode of Implementation - Through Implementing Agency       |                         |
|        |  |   |                      | State                   | District               |                                     |  | Name   | CSR Registration Number |
| 1      | Healthcare (Health care activities including blanket distribution, health check-up camps, COVID-19 relief measures and contribution to provide health care facilities) | Promoting Healthcare including preventive healthcare        | Yes                  | Kanpur (U.P.)           | Rudrapur (Uttarakhand) | 7,17,039/-                          | Yes                                      | NA   |                         |
|        |  |   | No                   | Sasaram (Bihar)         |                        | 14,12,725/-                         | No                                       | Paramhans Swami Shivanand Ji Teerth Yog Vidhyapitham Trust |                         |
| 2      | Solar Street Light Project "Ujjwal"  | Rural Development   | Yes                  | Kanpur Dehat (U.P.)     |                        | 10,21,284/-*                        | Yes                                      | NA   |                         |
| 3      | Plastic Pollution Free City Program  | Ensuring Environmental Sustainability                       | Yes                  | Kanpur(U.P.)            |                        | 10,80,409/-                         | Yes                                      | NA   |                         |
|        |  |   | No                   | Ujjain (M.P.)           | Mujaffarpur (Bihar)    | 12,91,357/-                         | Yes                                      | NA   |                         |
| 4      | Rain Water Harvesting  | Ensuring Environmental Sustainability                       | Yes                  | Kanpur (U.P.)           |                        | 17,34,077/-                         | Yes                                      | NA   |                         |

| 1<br>S. No.  | 2<br>Name of the Project                                 | 3<br>Item from the list of activities in Schedule VII to the Act | 4<br>Local area (Yes/No). | 5<br>Location of the project |          | 6<br>Amount spent for the project (in ₹) | 7<br>Mode of Implementation - Direct (Yes/No) | 8<br>Mode of Implementation -Through Implementing Agency   |                         |
|--------------|--|--|---------------------------|------------------------------|----------|--|---|--|-------------------------|
|              |  |  |                           | State                        | District |  |   | Name   | CSR Registration Number |
|              |  |  |                           |                              |          |  |   |  |                         |
| 5            | <b>Prime Minister National Relief Fund</b>               | Contribution to Prime Minister National Relief Fund              | -                         | PAN India                    |          | 33,98,000/-                              | Yes   | NA   |                         |
| 6            | <b>Assistance to Schools</b>                             | Promoting Education among children, differently abled & orphan   | Yes                       | Kanpur (U.P.)                |          | 12,70,130/-                              | Yes   | NA   |                         |
| 7            | <b>Education</b> (Contribution to NGOs and other trusts) | Promoting Education among children, differently abled & orphan   | Yes                       | Kanpur (U.P.)                |          | 3,92,000/-                               | No  | a) Jyoti Bal Badhir Vidhyala<br>b) Talent Development Council<br>c) Sewa Samarpan Sansthan<br>d) Yog Kshem Sewa Nyas |                         |
|              |  |  | No                        | Mumbai (Maharashtra)         |          | 12,000/-                                 | No  | Blind Organization of India  |                         |
| <b>Total</b> |  |  |                           |                              |          | <b>1,23,29,021/-</b>                     |   |  |                         |

\*excludes the amount of ₹ 2,80,000/-spent by the Company relating to its project commenced during F.Y. 2019-20.

(d) Amount spent in Administrative Overheads: ₹ 3,93,272/-

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1,41,20,043/-

(g) Excess amount for set off, if any: Not Applicable

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

| S. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under section 135 (6) (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any |               |                  | Amount remaining to be spent in succeeding financial years (in ₹) |
|--------|--------------------------|--|---|---|---------------|------------------|---|
|        |                          |  |   | Name of the Fund  | Amount (in ₹) | Date of Transfer |   |

Not Applicable, as the concept of transferring unspent amount to the separate account/ fund has been introduced in the CSR Amendment Rules, relevant from fiscal 2021.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable, as the concept of 'ongoing projects' has been introduced in the CSR Amendment Rules, relevant from fiscal 2021. Details of spend on all ongoing projects during fiscal 2021 are covered under 8(b) above.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).** Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable.

Sd/-  
(Shyam Sunder Sharma)  
Chairman

Sd/-  
(Abhilash Lal)  
Chairman 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, 2021:*

### I. CONSERVATION OF ENERGY

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

The Company continues to take important strides in playing its role towards a sustainable environment. Apart from making constant efforts in continuing all previous conservation measures and increasing awareness of energy management amongst employees, the following specific measures have been taken by the Company, during the year under review:

- i) Addition of Roof Top Solar Power plants of 4.06 MW to harness renewable energy and reduce carbon footprints.
- ii) Monitoring of cable heating at Panel Terminal Block to reduce power consumption caused by heating effect of cable terminals.
- iii) A close control loop system with level control was installed for maintaining the water level in tank to reduce the wastage of water.
- iv) Wastage of power due to usage of unwanted lights in day time has been reduced through daily manual checking procedure to control the on/off time of building lights in day time. Also, timer circuit has been provided to control the on/off time of boundary lights.
- v) Maintenance activity of Plant Machines as per schedule resulting into improved efficiency and saving in energy consumption.
- vi) Replacement of existing blower motor of 55 KW with 45 KW in spinning blow room waste collection system to save power.
- vii) Use of cross ventilation system in machine control rooms for panel's cooling.
- viii) Using VFD in speed regulation of motors for power saving.
- ix) Water consumption reduced by optimizing water flow for process machines. Re-use of water in washing facility process and machines to reduce overall water consumption.
- x) Improved efficiency of own power generation by usage of diesel generator only for emergencies and as stand by.

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

Augmenting its efforts in using alternate sources of energy, the Company has installed additional roof-top solar power plants with aggregate capacity of 4.06 MW during the year under review. Efforts are continuing to identify other viable opportunities of using alternate sources of energy.

#### (c) Capital investment on energy conservation equipments:

Approx. ₹ 14.75 Crore

### II. TECHNOLOGY ABSORPTION

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

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

- a) Product development and customization, more particularly; Anti –microbial Fibre with licensed technology, Bio-degradable Fibre, High tenacity Hollow Conjugated Fibre, Micro Fibre and Dope dyed high tenacity Fibre.
- b) Upgradation of processes for cycle time reduction.
- c) Process improvements to reduce emissions and wastes.
- d) Technology absorption from Technical Journals and attending of National and International Exhibitions/ Seminars.

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

- a) Premium-class quality and differentiated products,
- b) Waste minimization,
- c) Cycle time reduction and productivity enhancement,
- d) Conservation of resources and improved efficiencies,
- e) Reduced carbon footprints and environmental improvement.

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

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

**4. Expenses incurred on Research and Development:**

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

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

|   | (₹ in lakh)                 |                             |
|---|-----------------------------|-----------------------------|
|   | Financial Year<br>(2020-21) | Financial Year<br>(2019-20) |
| A) Foreign Exchange earnings (F.O.B. Value) | 5,428.70                    | 5,881.80                    |
| B) Foreign Exchange outgo                   | 6579.64                     | 7,276.94                    |

## 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 2020-21 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

| S. No. | Name                       | Designation               | Remuneration in F.Y. 2020-21 (₹ in lac) | Remuneration in F.Y. 2019-20 (₹ in lac) | % increase/ (decrease) in remuneration | Ratio of remuneration of each Director to the median remuneration of employees |
|--------|----------------------------|---------------------------|---|---|--|--|
| 1.     | Mr. Shyam Sunder Sharmma   | Non- Executive Chairman*  | 28.25                                   | 22.30                                   | 26.68                                  | 22.97  |
| 2.     | Mr. Sharad Sharma          | Managing Director & CEO   | 93.40                                   | 264.40                                  | (64.67)*                               | 75.93  |
| 3.     | Mr. Vishnu Dutt Khandelwal | Executive Vice-Chairman   | 93.32                                   | 264.32                                  | (64.69)*                               | 75.87  |
| 4.     | Mr. Rajesh Sharma          | Joint Managing Director   | 93.40                                   | 264.40                                  | (64.67)*                               | 75.93  |
| 5.     | Mr. Surendra Kumar Kabra   | Independent Director*     | 5.45                                    | 3.03                                    | 79.87                                  | 4.43   |
| 6.     | Mr. Vishwa Nath Chandak    | Independent Director*     | 4.24                                    | 3.03                                    | 39.93                                  | 3.45   |
| 7.     | Mr. Pradeep Kumar Goenka   | Independent Director*     | 5.45                                    | 5.05                                    | 7.92                                   | 4.43   |
| 8.     | Mr. Anoop Gupta@           | Independent Director*     | 2.70                                    | 2.52                                    | 7.14                                   | 2.20   |
| 9.     | Mr. Gopal Singh Shekhavat# | Director (Administration) | 16.90                                   | 25.40                                   | (33.46)                                | 13.74  |
| 10.    | Mr. Abhilash Lal           | Independent Director*     | 5.45                                    | 3.53                                    | 54.39                                  | 4.43   |
| 11.    | Mrs. Seema Sharma\$        | Non-Executive Director*   | 2.60                                    | 4.59                                    | (43.36)                                | 2.11   |
| 12.    | Mrs. Shobha Chaturvedi     | Independent Director*     | 5.25                                    | 2.65                                    | 98.11                                  | 4.27   |
| 13.    | Mr. Gopal Agarwal          | Chief Financial Officer   | 21.28                                   | 27.20                                   | (21.76)                                | N.A.   |
| 14.    | Mr. Bharat Kumar Sajani    | Company Secretary         | 9.67                                    | 10.17                                   | (4.92)                                 | N.A.   |

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

& Since, the Board of Directors has restricted the amount of Performance Linked Remuneration payable to Shri Vishnu Dutt Khandelwal, Shri Sharad Sharma and Shri Rajesh Sharma, therefore their remuneration for the financial year 2020-21 reflects decrease in comparison to the previous year.

@ Ceased to be an Independent Director of the Company w.e.f. 22nd September, 2020 upon completion of second term of office.

# Ceased to be a Director of the Company w.e.f. 24th December, 2020 due to his demise.

\$ Ceased to be a Director of the Company w.e.f. 22nd September, 2020 upon retirement by rotation.

- ii. During the year 2020-21, there was an increase of 1.02% in median remuneration of employees.
- iii. There were 2793 permanent employees on the roll of the Company as on 31st March, 2021.
- iv. Average percentage increase made in the salaries of employees other than the managerial personnel in the Financial Year 2020-21 was 3.76%, whereas the managerial remuneration for the same financial year was decreased by 58.81%. (Refer note above)
- v. It is hereby affirmed that the remuneration paid during the Financial Year ended 31st March, 2021 is as per the remuneration policy of the Company.

# CORPORATE GOVERNANCE REPORT 2020-21

## 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 31<sup>st</sup> March, 2021 are as under:

| S. No. | Name of Director                                | Category                           | No. of Board Meetings during tenure |          | Whether present at the last Annual General Meeting held on 22.09.2020 | No. of Boards / Committees of Indian Public Limited Companies (including Ganesha Ecosphere Limited) |  |        | Directorship in Other Listed Entities and Category of Directorship |
|--------|---|------------------------------------|-------------------------------------|----------|---|---|--|--------|--|
|        |   |                                    | Held                                | Attended |   | Directorship  | Committee (only Audit Committee & Stakeholders Relationship Committee) | Member |  |
| 1.     | Mr. Shyam Sunder Sharma<br>DIN: 00530921        | Promoter Non-Executive Director    | 5                                   | 5        | Yes   | 1   | 1  | --     | --   |
| 2.     | Mr. Vishnu Dutt Khandelwa<br>DIN: 00383507      | Promoter Executive Director        | 5                                   | 4        | Yes   | 3   | 2  | --     | --   |
| 3.     | Mr. Sharad Sharma<br>DIN: 00383178              | Promoter Executive Director        | 5                                   | 5        | Yes   | 3   | 1  | --     | --   |
| 4.     | Mr. Rajesh Sharma<br>DIN: 02228607              | Promoter Executive Director        | 5                                   | 5        | No  | 3   | --   | --     | --   |
| 5.     | Mr. Gopal Singh Shekhavat*<br>DIN: 06591844     | Executive Director                 | 3                                   | 3        | No  | NA  | NA   | NA     | NA   |
| 6.     | Mrs. Seema Sharma <sup>§</sup><br>DIN: 07466530 | Promoter Non-Executive Director    | 2                                   | 2        | No  | NA  | NA   | NA     | NA   |
| 7.     | Mr. Surendra Kumar Kabra<br>DIN: 01280980       | Non-Executive/Independent Director | 5                                   | 5        | No  | 2   | 1  | --     | Aditya Ispat Limited (Non- Executive- Non Independent Director)    |

| S. No. | Name of Director                                     | Category                           | No. of Board Meetings during tenure |          | Whether present at the last Annual General Meeting held on 22.09.2020 | No. of Boards / Committees of Indian Public Limited Companies (including Ganesha Ecosphere Limited) |  |        | Directorship in Other Listed Entities and Category of Directorship   |
|--------|--|------------------------------------|-------------------------------------|----------|---|---|--|--------|--|
|        |  |                                    | Held                                | Attended |   | Directorship  | Committee (only Audit Committee & Stakeholders Relationship Committee) | Member |  |
| 8.     | Mr. Pradeep Kumar Goenka<br>DIN: 00404746            | Non-Executive/Independent Director | 5                                   | 5        | Yes   | 1   | 2  | 2      | --   |
| 9.     | Mr. Vishwa Nath Chandak<br>DIN: 00313035             | Non-Executive/Independent Director | 5                                   | 4        | No  | 2   | 3  | --     | Mangalam Timber Products Ltd.(Non-Executive-Independent Director)  |
| 10.    | Mr. Anoop Gupta <sup>@</sup><br>DIN: 00153340        | Non-Executive/Independent Director | 2                                   | 2        | No  | NA  | NA   | NA     | NA   |
| 11.    | Mr. Abhilash Lal<br>DIN: 03203177                    | Non-Executive/Independent Director | 5                                   | 5        | No  | 3   | 3  | --     | <ul style="list-style-type: none"> <li>• APL Apollo Tubes Limited (Non- Executive-Independent Director)</li> <li>• Apollo Pipes Limited (Non- Executive-Independent Director)</li> </ul> |
| 12.    | Mrs. Shobha Chaturvedi <sup>*</sup><br>DIN: 08553800 | Non-Executive/Independent Director | 5                                   | 5        | No  | 1   | --   | --     | --   |

\* Ceased to be a Director of the Company w.e.f. 24<sup>th</sup> December, 2020 due to his demise.

§ Ceased to be a Director of the Company w.e.f. 22<sup>nd</sup> September, 2020 upon retirement by rotation.

@ Ceased to be an Independent Director of the Company w.e.f. 22<sup>nd</sup> September, 2020 upon completion of second term of office.

# Appointed as a Non-Executive Independent Director w.e.f. 5<sup>th</sup> September, 2019 in the Annual General Meeting held on 22<sup>nd</sup> September, 2020.

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

#### Relationship between Directors inter-se:

Mr. Sharad Sharma and Mr. Rajesh Sharma are sons of Mr. Shyam Sunder Sharmma and Mr. Vishnu Dutt Khandelwal is brother of Mr. Shyam Sunder Sharmma.

#### Shareholding of Non-Executive Directors:

As on 31<sup>st</sup> March, 2021, the shareholding of non-executive director in the Company is as follows:

| Name of Director         | Shareholding as on 31 <sup>st</sup> March, 2021 |
|--------------------------|---|
| Mr. Shyam Sunder Sharmma | 19,38,927 Equity Shares                         |

None of the other Non-Executive Directors hold any shares in the Company.

#### B. Details of Board Meetings held during the year:

The Board met Five 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.    | 22.06.2020      | 12             | 12                       |
| 2.    | 08.08.2020      | 12             | 12                       |
| 3.    | 29.10.2020      | 10             | 9                        |
| 4.    | 18.01.2021      | 9              | 8                        |
| 5.    | 25.01.2021      | 9              | 9                        |

In view of the COVID-19 pandemic, all the meetings of the Board as mentioned above were held through video conferencing in terms of the relaxations provided by

Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI).

**Information placed before the Board:**

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

**Key Skills/Expertise/Competencies of the Board:**

The list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of Company's business operations for it to function

effectively and those actually available with the Board are as follows:

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



- 1 Mr. Shyam Sunder Sharmma
- 4 Mr. Rajesh Sharma
- 7 Mr. Vishwa Nath Chandak

- 2 Mr. Vishnu Dutt Khandelwal
- 5 Mr. Surendra Kumar Kabra
- 8 Mr. Abhilash Lal

- 3 Mr. Sharad Sharma
- 6 Mr. Pradeep Kumar Goenka
- 9 Mrs. Shobha Chaturvedi

**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. <https://ganeshhaecosphere.com/admin/UploadedFiles/ContentImages/BoardOfDirector/Terms-and-Condition-of-appointment-of-Independent-Directors.pdf>

**D. Familiarization Programme for Independent Directors:**

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

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

The details of Familiarization Programme for Independent Directors are available on the Company's website at the following web link: <https://ganeshhaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/Detailsoffamiliarizationprogrammeimpartedtoindependentdirectors .pdf>

**E. Separate Meeting of the Independent Directors:**

During the year ended 31st March, 2021, one Independent Directors' Meeting was held on 30<sup>th</sup> March, 2021. At the meeting, the Independent Directors inter-alia:

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

All Independent Directors attended the meeting through video conferencing.

**F. Confirmation by the Board:**

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

**G. Code of Conduct:**

In compliance with Regulation 17(5) of the Listing Regulations, the Company's Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. A declaration to this effect, signed by Mr. Sharad Sharma, Managing Director & Chief Executive Officer of the Company, is enclosed at the end of this report. Code of Conduct of the Company is available on the website of the Company at <https://www.ganeshhaecosphere.com/code-of-conduct>.

**3. COMMITTEES OF THE BOARD:**

As on 31<sup>st</sup> March, 2021, the Company has seven Board level Committees:

- A. Audit Committee,
- B. Nomination and Remuneration Committee,
- C. Stakeholders Relationship Committee,
- D. Risk Management & Strategic Planning Committee,
- E. Corporate Social Responsibility Committee,
- F. Management Committee and
- G. Capital Raising Committee

The composition of the Committees of the Board of Directors is available on the website of the Company at <https://www.ganeshhaecosphere.com/board-committee>.

**A. AUDIT COMMITTEE****Composition:**

The Company has an Audit Committee constituted in accordance with the Corporate Governance requirements. As on 31<sup>st</sup> March, 2021, the Committee consisted of five Directors namely, Mr. Pradeep Kumar Goenka (Chairman), Mr. Surendra Kumar Kabra, Mr. Vishnu Dutt Khandelwal, Mr. Vishwa Nath Chandak and Mr. Abhilash Lal. Mr. Anoop Gupta ceased to be the member of the Committee w.e.f. 22<sup>nd</sup> September, 2020 upon completion of his second term of office as an Independent Director of the Company.

Mr. Pradeep Kumar Goenka and Mr. Surendra Kumar Kabra 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;
- Appointment, removal and terms of remuneration of internal auditor and
  - Utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. To carry out such other functions as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

#### Meetings:

During the financial year ended 31<sup>st</sup> March, 2021, Four Audit Committee Meetings were held on 22.06.2020, 08.08.2020, 29.10.2020 and 25.01.2021. Chief Financial Officer, Internal Auditors, Cost Auditors and the Statutory Auditors were invited to be present at the Audit Committee Meetings.

#### Details of the Attendance at the Meetings are as follows:

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

\*Ceased to be the member of the Committee w.e.f. 22<sup>nd</sup> September, 2020 upon completion of his second term of office as an Independent Director of the Company.

Mr. Pradeep Kumar Goenka, Chairman of the Audit Committee was present at the last Annual General Meeting held on 22<sup>nd</sup> September, 2020.

#### B. NOMINATION AND REMUNERATION COMMITTEE

##### Composition:

The Nomination and Remuneration Committee of the Board consists of Five Directors as on 31st March, 2021, namely, Mr. Surendra Kumar Kabra (Chairman), Mr. Pradeep Kumar Goenka, Mr. Vishwa Nath Chandak, Mr. Shyam Sunder Sharmma and Mr. Abhilash Lal. Mr. Shyam Sunder Sharmma and Mr. Abhilash Lal were appointed as the Members of the Committee w. e. f. 25<sup>th</sup> January, 2021

##### Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee are in conformity with the requirements specified in Regulation 19(4) read with Part D of Schedule II to the Listing Regulations and also comply with the requirements of Section 178 of the Companies Act, 2013.

##### Brief description of terms of reference:

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

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

#### Meetings:

During the year ended 31<sup>st</sup> March, 2021, Two Nomination and Remuneration Committee Meetings were held on 22.06.2020 and 25.01.2021.

#### Details of Attendance at the Meetings are as follows:

| S No. | Name of Director                   | Category   | No. of Committee meeting during the tenure |          |
|-------|------------------------------------|--|--|----------|
|       |                                    |  | Held                                       | Attended |
| 1.    | Mr. Surendra Kumar Kabra, Chairman | Non- Executive/ Independent Director               | 2  | 2        |
| 2.    | Mr. Pradeep Kumar Goenka           | Non- Executive/ Independent Director               | 2  | 2        |
| 3.    | Mr. Vishwa Nath Chandak            | Non- Executive/ Independent Director               | 2  | 1        |
| 4.    | Mr. Shyam Sunder Sharmma*          | Promoter Non- Executive/ Non- Independent Director | 0  | 0        |
| 5.    | Mr. Abhilash Lal*                  | Non- Executive/ Independent Director               | 0  | 0        |

\* Inducted as the Members of the Committee w.e.f. 25<sup>th</sup> January, 2021.

#### Remuneration Policy:

The Company has adopted Policy on Nomination, Remuneration and Board Diversity which is available on the website of the Company at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/Policy-on-Nomination-Remuneration-And-Board-Diversity.pdf>.

#### Details of Remuneration of the Directors for the financial year 2020-21:

##### i. Executive Directors:

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

#### The Details of Remuneration are as follows:

| Name of Director           | Designation               | Salary & Allowances (₹) | Perquisites (₹) | Performance Linked Remuneration(₹) | Tenure  |
|----------------------------|---------------------------|-------------------------|-----------------|------------------------------------|---|
| Mr. Vishnu Dutt Khandelwal | Executive Vice Chairman   | 18,00,040/-             | 32,400/-        | 75,00,000/-                        | 5 years (from 19 <sup>th</sup> June, 2018)    |
| Mr. Sharad Sharma          | Managing Director         | 18,00,040/-             | 39,600/-        | 75,00,000/-                        | 5 years (from 1 <sup>st</sup> February, 2019) |
| Mr. Rajesh Sharma          | Joint Managing Director   | 18,00,040/-             | 39,600/-        | 75,00,000/-                        | 5 years (from 19 <sup>th</sup> June, 2018)    |
| Mr. Gopal Singh Shekhavat* | Director (Administration) | 16,52,469/-             | 37,957/-        | -                                  | N.A.  |

\*Ceased to be a Director of the Company w.e. f. 24<sup>th</sup> December, 2020 due to his demise.

**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 28<sup>th</sup> 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 2020-21 amongst the Non-Executive Directors (except Chairman of the Company) on the basis of their attendance and contribution at the Board and Audit Committee Meetings (subject to maximum limit of ₹ 5,00,000/- for each such Director, as decided by the Board at its meeting held on 13<sup>th</sup> February, 2018).

The Board at its meeting held on 22<sup>nd</sup> May, 2021, decided a remuneration of ₹. 28,00,000/- as commission payable to Mr. Shyam Sunder Sharma, Chairman, for the F.Y. 2020-21 in view of his valuable contribution and entrepreneurial leadership.

**The Details of Sitting Fees Paid and Commission payable to such directors for the year 2020-21 are as follows:**

| Name of Director         | Sitting Fees (₹) | Commission (₹) | Tenure   |
|--------------------------|------------------|----------------|--|
| Mr. Surendra Kumar Kabra | 45,000/-         | 5,00,000/-     | 5 years (from 5 <sup>th</sup> September, 2019) |
| Mr. Pradeep Kumar Goenka | 45,000/-         | 5,00,000/-     | 5 years (from 5 <sup>th</sup> September, 2019) |
| Mr. Vishwa Nath Chandak  | 35,000/-         | 3,88,889/-     | 3 years (from 5 <sup>th</sup> September, 2019) |
| Mr. Abhilash Lal         | 45,000/-         | 5,00,000/-     | 5 years (from 5 <sup>th</sup> September, 2019) |
| Mrs. Shobha Chaturvedi   | 25,000/-         | 5,00,000/-     | 5 years (from 5 <sup>th</sup> September, 2019) |
| Mr. Anoop Gupta*         | 20,000/-         | 2,50,000/-     | -  |
| Mrs. Seema Sharma*       | 10,000/-         | 2,50,000/-     | N.A.   |
| Mr. Shyam Sunder Sharma  | 25,000/-         | 28,00,000/-    | N.A.   |

\*Ceased from Directorship w.e.f. 22<sup>nd</sup> September, 2020.

Apart from the sitting fees and commission provided above, the non-executive directors had no other pecuniary relationship or transaction with the Company.

**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 Sharma, Mr. Vishnu Dutt Khandelwal and Mr. Sharad Sharma.

**Terms of Reference:**

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

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

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

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

#### Meetings:

During the year ended 31<sup>st</sup> March, 2021, Five Stakeholders Relationship Committee Meetings were held on 13.06.2020, 07.08.2020, 12.09.2020, 24.10.2020 and 20.01.2021.

#### 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 Non- Executive Director    | 5             | 2                 |
| 3.     | Mr. Vishnu Dutt Khandelwal         | Promoter Executive Director         | 5             | 3                 |
| 4.     | Mr. Sharad Sharma                  | Promoter Executive Director         | 5             | 4                 |

#### Investor Grievance Redressal:

Number of complaints received and resolved to the satisfaction of investors during the financial year ended 31<sup>st</sup> March, 2021, are as under:

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

As on 31<sup>st</sup> March, 2021, no request for transfer / transmission was pending for approval.

#### Compliance Officer:

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

#### D. RISK MANAGEMENT & STRATEGIC PLANNING COMMITTEE

##### Composition:

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

##### Terms of Reference:

The Board of Directors at its meeting held on 6<sup>th</sup> August, 2021, had revised the Terms of Reference of the Risk Management & Strategic Planning Committee to bring it in line with the amendments brought in Regulation 21 of the Listing Regulations, by SEBI vide its Notification No. SEBI/LAD-NRO/GN/2021/22 dated May 5, 2021.

The terms of reference of Risk Management & Strategic Planning Committee shall inter-alia include the following:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities;
- (6) To assist the Board in fulfilling its oversight responsibilities relating to the medium and long-term strategic direction and development.
- (7) To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks;
- (8) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- (9) To review the appointment, removal and terms of remuneration of the Chief Risk Officer (if any);
- (10) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

#### Meetings:

During the year ended 31<sup>st</sup> March, 2021, Two meetings of the Risk Management & Strategic Planning Committee were held on 30.10.2020 & 30.03.2021.

#### Details of the Attendance at the Meetings are as follows:

| S. No. | Name of Director                   | Category   | Meetings Held | Meetings Attended |
|--------|------------------------------------|--|---------------|-------------------|
| 1.     | Mr. Shyam Sunder Sharmma, Chairman | Promoter Non-Executive/ Non-Independent Director | 2             | 2                 |
| 2.     | Mr. Vishnu Dutt Khandelwal         | Promoter Executive Director                      | 2             | 2                 |
| 3.     | Mr. Sharad Sharma                  | Promoter Executive Director                      | 2             | 2                 |
| 4.     | Mr. Pradeep Kumar Goenka           | Non-Executive/ Independent Director              | 2             | 2                 |
| 5.     | Mr. Abhilash Lal                   | Non-Executive/ Independent Director              | 2             | 2                 |

**E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE****Composition:**

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

**Terms of Reference:**

The Board of Directors at its meeting held on 6th August, 2021, had revised the Terms of Reference of the CSR Committee to bring it in line with the amendments brought in by Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, introduced by Ministry of Corporate Affairs (MCA) vide its Notification dated 22<sup>nd</sup> January, 2021.

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

- (1) To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- (2) To formulate and recommend the CSR annual action plan and any modification(s)/ alteration(s) thereto, during the financial year, for approval of the Board, from time to time, in accordance with the Company's CSR policy and provisions of applicable laws;
- (3) To review and recommend the amount of expenditure to be incurred on the CSR activities;
- (4) To monitor the CSR policy of the Company from time to time;
- (5) To institute a transparent monitoring mechanism for implementation of the CSR projects/programs/ activities undertaken by the Company;
- (6) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

**Meetings:**

During the year ended 31<sup>st</sup> March, 2021, Two Corporate Social Responsibility (CSR) Committee Meetings were held on 22.06.2020 and 25.01.2021.

**F. MANAGEMENT COMMITTEE****Composition:**

The Management Committee of the Board consists of Four directors namely, Mr. Shyam Sunder Shamma (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 31<sup>st</sup> March, 2021, one Management Committee Meeting was held on 26.11.2020.

**G. CAPITAL RAISING COMMITTEE****Composition:**

The Capital Raising Committee of the Board consists of Three Directors namely, Mr. Vishnu Dutt Khandelwal (Chairman), Mr. Sharad Sharma and Mr. Abhilash Lal. Mr. Anoop Gupta ceased to be the member of the Committee w.e.f. 22<sup>nd</sup> September, 2020 upon completion of his second term of office as Independent Director of the Company.

**Terms of Reference:**

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

1. To analyze various options for infusion of capital;
2. To decide on the actual size, mode(s), no. of tranches, timing, pricing including discount/ premium, if any, reservation to employees, customers, existing shareholders and / or any other persons as decided by the Board and as provided under SEBI Regulations subject to applicable Rules and Regulations and GOI and RBI approval;
3. To decide all other terms and conditions of the Issue and to accept any amendment(s), modification(s), variation(s) or alteration(s) thereto;
4. To appoint and enter into arrangement with the Book Running Lead Managers (“BRLMs”), escrow agent, legal counsel and any other agencies or persons or intermediaries to the Issue and to negotiate and finalize the terms of their appointment, including but not limited to execution of the placement agreement with the BRLMs;
5. To open and operate bank account(s) of the Company in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/ 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 31<sup>st</sup> March, 2021, no meeting of the Capital Raising Committee was held.

**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   |
|------|----------------------------------|------------|---|--|
| 2020 | 22 <sup>nd</sup> September, 2020 | 9:30 A.M.  | Raipur (Rania),<br>Kalpi Road,<br>Distt. Kanpur<br>Dehat. | No Special Resolution was passed in the 31 <sup>st</sup> Annual General Meeting held on 22 <sup>nd</sup> September, 2020.  |
| 2019 | 5 <sup>th</sup> September, 2019  | 12:00 Noon | Raipur (Rania),<br>Kalpi Road,<br>Distt. Kanpur<br>Dehat. | <ol style="list-style-type: none"> <li>1) Consent for re-appointment of Shri Shyam Sunder Sharmma (DIN: 00530921) as Director who retires by rotation.</li> <li>2) Consent for alteration of the Articles of Association of the Company.</li> <li>3) Consent for re-appointment of Shri Sharad Sharma (DIN: 00383178) as the Managing Director of the Company.</li> <li>4) Consent for appointment and re-designation of Shri Rajesh Sharma (DIN: 02228607) as the Joint Managing Director of the Company.</li> <li>5) Consent for re-appointment of Shri Abhilash Lal (DIN: 03203177) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years.</li> <li>6) Consent for re-appointment of Shri Anoop Gupta (DIN: 00153340) as a Non-Executive Independent Director of the Company for a second term of 1 (one) year.</li> <li>7) Consent for re-appointment of Shri Pradeep Kumar Goenka (DIN: 00404746) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years.</li> <li>8) Consent for re-appointment of Shri Surendra Kumar Kabra (DIN:01280980) as a Non-Executive Independent Director of the Company for a second term of 5 (five) consecutive years.</li> <li>9) Consent for re-appointment of Shri Vishwa Nath Chandak (DIN: 00313035) as a Non-Executive Independent Director of the Company for a second term of 3 (three) consecutive years</li> <li>10) Consent for approval of remuneration of Shri Vishnu Dutt Khandelwal, Whole Time Director and Promoter in terms of Regulation 17 (6) (e) of SEBI Listing Regulations.</li> </ol> |

| Year | Date of Meeting                  | Time       | Place   | Particulars of Special Resolutions passed at the Meeting  |
|------|----------------------------------|------------|---|---|
| 2018 | 15 <sup>th</sup> September, 2018 | 12:15 P.M. | Raipur (Rania),<br>Kalpi Road,<br>Distt. Kanpur<br>Dehat. | <ol style="list-style-type: none"> <li>1) Consent for re-appointment of Shri Vishnu Dutt Khandelwal (DIN: 00383507) as Whole Time Director, designated as Executive Vice Chairman.</li> <li>2) Consent for re-appointment of Shri Rajesh Sharma (DIN: 02228607) as Whole Time Director, designated as Executive Director.</li> <li>3) Consent for re-appointment of Shri Gopal Singh Shekhawat (DIN: 06591844) as Whole Time Director, designated as Director (Administration).</li> <li>4) Consent for continuation of appointment of Shri Shyam Sunder Sharmma (DIN: 00530921) as Non-Executive Director of the Company w.e.f. 1<sup>st</sup> April, 2019.</li> <li>5) Consent for continuation of appointment of Shri Vishwa Nath Chandak (DIN: 00313035) as Non-Executive Independent Director of the Company w.e.f. 1<sup>st</sup> April, 2019.</li> <li>6) Consent for approval of Ganesha Ecosphere Employees Stock Option Plan 2018.</li> </ol> |

#### Postal Ballot

During the year under review, the Company completed process of one postal ballot as per the provisions of Sections 108 and 110 of the Companies Act, 2013, read with the rules made thereunder.

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

On account of the threat posed by COVID-19 pandemic and in terms of the requirements specified in the General Circulars No. 14/2020 dated 8th April, 2020, No. 17/2020 dated 13<sup>th</sup> April, 2020, No. 22/2020 dated 15th June, 2020, No. 33/ 2020 dated 28<sup>th</sup> September, 2020 and No. 39/ 2020 dated 31<sup>st</sup> December, 2020 issued by the Ministry of Corporate Affairs, Government of India, the Postal Ballot Notice accompanied with detailed instructions kit to enable the Members to understand the procedure and manner for e-voting was sent in electronic mode only.

Members were allowed to vote only through remote e-voting and for this the Company had engaged the services of NSDL to enable the Members to cast their votes electronically.

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

The following Resolutions were duly passed with requisite majority on Friday, 26th February, 2021 and announced on Saturday, 27<sup>th</sup> February, 2021. The details of results of Postal Ballot are as under:

| S. No. | Particulars of Special Resolutions   | No. and % of Votes polled | No. and % of votes in favour | No. and % of votes against |
|--------|--|---------------------------|------------------------------|----------------------------|
| 1.     | Approval of Ganesha Ecosphere Employees' Stock Option Scheme 2021.   | 1,72,71,642<br>(79.12%)   | 1,41,99,801<br>(82.21%)      | 30,71,841<br>(17.79%)      |
| 2.     | Approval for Grant of Employee Stock Options to the Employees of Subsidiary Company (ies) (in India Or outside India) under Ganesha Ecosphere Employees' Stock Option Scheme 2021.   | 1,72,71,642<br>(79.12%)   | 1,41,99,801<br>(82.21%)      | 30,71,841<br>(17.79%)      |
| 3.     | Approval for acquisition of 10,91,469 Equity shares of the Company by Ganesh Ecosphere Employees' Welfare Trust, in one or more tranches, by way of Secondary Acquisition under Ganesha Ecosphere Employees' Stock Option Scheme 2021. | 1,72,71,642<br>(79.12%)   | 1,41,99,819<br>(82.21%)      | 30,71,823<br>(17.79%)      |
| 4.     | Approval for provision of money by the Company for purchase of its own shares by the Trust / Trustees for the benefit of employees under Ganesha Ecosphere Employees' Stock Option Scheme 2021.  | 1,72,71,642<br>(79.12%)   | 1,41,99,754<br>(82.21%)      | 30,71,888<br>(17.79%)      |
| 5.     | Approval for adoption of new Articles of Association of the Company.   | 1,72,71,642<br>(79.12%)   | 1,59,45,442<br>(92.32%)      | 13,26,200<br>(7.68%)       |

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

## 5. MEANS OF COMMUNICATION

The quarterly, half yearly 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. These results are available on the official website of the BSE Limited and National Stock Exchange of India Limited i.e. [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com), respectively.

The Financial Results and Annual Report of the Company, official news releases and presentations made to Institutional Investors and Analysts that are submitted to the stock exchanges, from time to time, are also posted on the Company's official website i.e. [www.ganeshaecosphere.com](http://www.ganeshaecosphere.com).

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

## 6. GENERAL SHAREHOLDERS' INFORMATION

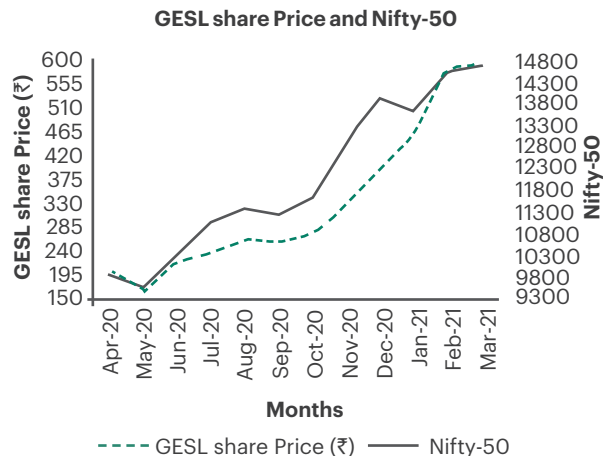
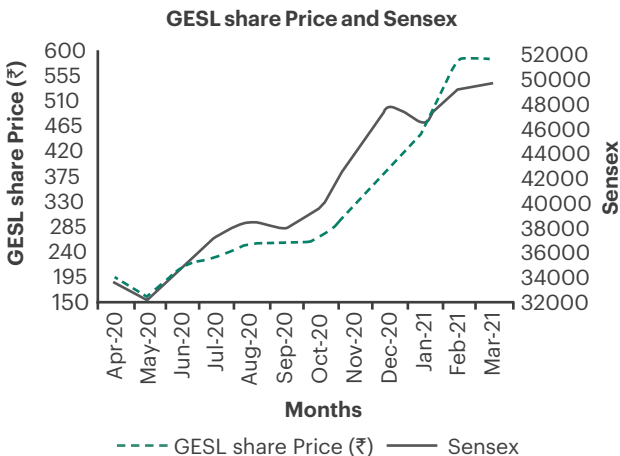
|  |   |                      |
|--|---|----------------------|
| <b>A. Corporate Identification Number (CIN)</b>                          | L51109UP1987PLC009090   |                      |
| <b>B. Annual General Meeting:</b>  | Date: 4 <sup>th</sup> August, 2021<br>Time: 12:15 P.M.<br>Venue: Annual General Meeting through Video Conferencing/Other Audio Visual Means facility [Deemed Venue for Meeting: Company's Registered Office at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat-209304]. |                      |
| <b>C. Calendar for financial year ended 31<sup>st</sup> March, 2022:</b> | <b>Particulars of Quarter</b>   | <b>On or before*</b> |
|  | First Quarter Results   | 14.08.2021           |
|  | Second Quarter Results  | 14.11.2021           |
|  | Third Quarter Results   | 14.02.2022           |
|  | Fourth Quarter & Annual Results   | 30.05.2022           |
|  | <b>*or such other date as may be extended by SEBI and MCA.</b>  |                      |

|  |  |
|--|--|
| <b>D. Date of Book Closure:</b>        | From Sunday, 29 <sup>th</sup> August, 2021 to Saturday, 4 <sup>th</sup> September, 2021 (both days inclusive).   |
| <b>E. Dividend Payment Date:</b>       | On and after 8 <sup>th</sup> September, 2021   |
| <b>F. Listing on Stock Exchanges:</b>  | The Company's Equity Shares are listed at following Stock Exchanges: <ul style="list-style-type: none"> <li>• BSE Limited,<br/>25<sup>th</sup> Floor, P. J. Towers, Dalal Street Fort, Mumbai-400 001</li> <li>• National Stock Exchange of India Limited,<br/>Exchange Plaza, C-1, Block-G, Bandra-Kurla Complex, Bandra (E),<br/>Mumbai-400051</li> </ul> <p>The Annual Listing Fee to these stock exchanges has been paid up-to-date.</p> |
| <b>G. Stock Codes – Equity Shares:</b> | <ul style="list-style-type: none"> <li>• BSE Limited, Mumbai: <b>514167</b></li> <li>• National Stock Exchange of India Limited: <b>GANECOS</b></li> </ul>   |

**H. Stock Market Price Data for the year 2020-21:**

| Month           | BSE PRICES |         |           |                      | NSE PRICES |         |           |                      |
|-----------------|------------|---------|-----------|----------------------|------------|---------|-----------|----------------------|
|                 | High (₹)   | Low (₹) | Close (₹) | No. of Shares Traded | High (₹)   | Low (₹) | Close (₹) | No. of Shares Traded |
| April, 2020     | 199.95     | 153.00  | 197.85    | 2,502                | 199.00     | 153.25  | 197.00    | 77,971               |
| May, 2020       | 185.00     | 154.25  | 166.45    | 4,038                | 190.45     | 157.70  | 169.50    | 66,814               |
| June, 2020      | 257.00     | 155.00  | 220.85    | 51,142               | 257.70     | 167.00  | 222.45    | 4,33,459             |
| July, 2020      | 242.05     | 210.00  | 233.75    | 19,503               | 244.75     | 207.55  | 234.85    | 2,60,764             |
| August, 2020    | 298.40     | 216.90  | 262.40    | 1,29,121             | 302.00     | 214.00  | 262.45    | 11,33,126            |
| September, 2020 | 284.90     | 248.85  | 257.00    | 1,49,494             | 280.00     | 246.15  | 257.40    | 4,02,199             |
| October, 2020   | 294.00     | 239.00  | 268.20    | 2,20,987             | 294.80     | 245.25  | 268.45    | 3,84,827             |
| November, 2020  | 330.05     | 255.25  | 325.20    | 2,18,720             | 331.20     | 256.70  | 327.00    | 5,09,695             |
| December, 2020  | 403.30     | 315.45  | 399.55    | 1,22,711             | 403.85     | 315.65  | 400.25    | 9,13,556             |
| January, 2021   | 521.00     | 403.25  | 456.85    | 3,50,199             | 502.00     | 402.00  | 457.90    | 17,58,947            |
| February, 2021  | 619.00     | 442.50  | 589.30    | 1,75,492             | 620.00     | 442.00  | 588.70    | 21,43,117            |
| March, 2021     | 687.70     | 541.15  | 587.00    | 1,37,246             | 688.50     | 541.15  | 589.55    | 8,55,939             |

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:**

**I. Registrar and Share Transfer Agents:****Skyline Financial Services Pvt. Ltd.**

D-153/A, First Floor,  
Okhla Industrial Area, Phase-I,  
New Delhi-110020  
Tel: 011- 26812682-83, 011- 40450193-197  
E-mail: [admin@skylinerta.com](mailto:admin@skylinerta.com)  
Website: [www.skylinerta.com](http://www.skylinerta.com)

**J. 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.

The shareholders may note that SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. 1<sup>st</sup> April, 2019. Accordingly, Members are advised to dematerialize their physical shares for ease of transfer.

**K. Distribution of Share Holding as on 31<sup>st</sup> March, 2021:**

| No. of Shares | Shareholders |               | Shareholding    |               |
|---------------|--------------|---------------|-----------------|---------------|
|               | Number       | % of total    | Number          | % of total    |
| 1- 500        | 12279        | 92.42         | 1207174         | 5.53          |
| 501 - 1000    | 475          | 3.58          | 376841          | 1.73          |
| 1001 - 2000   | 239          | 1.80          | 361586          | 1.66          |
| 2001 - 3000   | 78           | 0.59          | 194725          | 0.89          |
| 3001 - 4000   | 39           | 0.29          | 134857          | 0.62          |
| 4001 - 5000   | 35           | 0.26          | 163288          | 0.75          |
| 5001 - 10000  | 49           | 0.37          | 371070          | 1.70          |
| 10001 & above | 92           | 0.69          | 19019856        | 87.13         |
| <b>Total</b>  | <b>13286</b> | <b>100.00</b> | <b>21829397</b> | <b>100.00</b> |

**Shareholding Pattern as on 31<sup>st</sup> March, 2021:**

| S. No.   | Category of Shareholder | Number of Shareholders | Total Number of Shares | As a Percentage of (A+B) |
|--|-------------------------|------------------------|------------------------|--------------------------|
| <b>(A) Shareholding of Promoter and Promoter Group</b>   |                         |                        |                        |                          |
| (1)  | Indian                  | 20                     | 91,99,626              | 42.14                    |
| (2)  | Foreign                 | -                      | -                      | -                        |
| <b>Total Shareholding of Promoter and Promoter Group</b> |                         | <b>20</b>              | <b>91,99,626</b>       | <b>42.14</b>             |
| <b>(B) Public Shareholding</b>                           |                         |                        |                        |                          |
| (1)  | Institutions            | 8                      | 33,98,106              | 15.57                    |
| (2)  | Non-Institutions        | 13,258                 | 92,31,665              | 42.29                    |
| <b>Total Public Shareholding</b>                         |                         | <b>13,266</b>          | <b>1,26,29,771</b>     | <b>57.86</b>             |
| <b>Total (A+B)</b>                                       |                         | <b>13,286</b>          | <b>2,18,29,397</b>     | <b>100.00</b>            |

**L. Dematerialisation of shares and liquidity:****ISIN Code- Equity Shares: INE 845 D01014**

As on 31<sup>st</sup> March, 2021, 97.83% 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. 1<sup>st</sup> January, 2002 as per the notification issued by Securities and Exchange Board of India (SEBI).

**M. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments:**

There were no GDRs/ ADRs/ Warrants or any convertible instruments outstanding for conversion as on 31<sup>st</sup> March, 2021.

**N. 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.

**O. 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.

**P. Address for Correspondence:**

| <b>With the Registrar and Transfer Agents:</b>   | <b>With the Company:</b>  |
|--|---|
| Skyline Financial Services Pvt. Ltd.<br>D-153/A, First Floor,<br>Okhla Industrial Area, Phase-I,<br>New Delhi-110020<br>Tel: 011- 26812682-83, 011- 40450193-197<br>E-mail: <a href="mailto:admin@skylinerta.com">admin@skylinerta.com</a> | The Company Secretary,<br>Ganesha Ecosphere Limited<br>113/216-B, First Floor,<br>Swaroop Nagar, Kanpur- 208002.<br>Tel: 0512-2555505-06<br>Fax: 0512-2555293<br>E-mail: <a href="mailto:secretarial@ganeshaecosphere.com">secretarial@ganeshaecosphere.com</a><br><a href="mailto:bharat@ganeshaecosphere.com">bharat@ganeshaecosphere.com</a> |

**Q. E-mail for Investors:**

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

**R. Nomination Facility:**

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

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

During the financial year 2020-21, pursuant to Section 124 of the Companies Act, 2013, dividend for the financial year 2012-13 which remained unpaid / unclaimed for a period of seven years from the date it was lying in the unpaid dividend account, has been transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Central Government.

The dividend for following years (see table below), which remains unclaimed for seven years from the date it is lying in the unpaid dividend account, will be transferred to the IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified below are requested to immediately lodge their claim with the Company or its Registrar and Transfer Agents, M/s. Skyline Financial Services Private Limited. The details of dividends specified below are available on the website of the Company at link [www.ganeshaecosphere.com/unclaimed-dividends/](https://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](http://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 |
|----------------|------------------------|---------------------|-------------------------------|
| 2013-14        | 1.20                   | 29.09.2014          | 30.10.2021                    |
| 2014-15        | 1.20                   | 19.09.2015          | 20.10.2022                    |
| 2015-16        | 1.20                   | 08.09.2016          | 10.10.2023                    |
| 2016-17        | 1.20                   | 25.09.2017          | 27.10.2024                    |
| 2017-18        | 1.50                   | 15.09.2018          | 16.10.2025                    |
| 2018-19        | 2.00                   | 05.09.2019          | 07.10.2026                    |
| 2019-20        | 2.00                   | 22.09.2020          | 26.10.2027                    |

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

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

Consequent to the above, during the financial year 2020-21, 22,686 Equity Shares of the Company were transferred to the IEPFA. Relevant details of such shares are available on the website of the Company <https://www.ganeshaecosphere.com/unclaimed-dividends>

## 7. DISCLOSURES

### a) Related Party Transactions:

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

The Company's Policy on Related Party Transactions is disclosed on the website of the Company at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/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) Vigil Mechanism /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 <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/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) Policy for determining 'material' subsidiaries:**

The Board of Directors of the Company has approved a Policy for determining Material Subsidiaries which is in line with the Listing Regulations. As on 31<sup>st</sup> March, 2021, the Company had no material subsidiary as per the thresholds laid down under the Listing Regulations.

The Company's Policy for determining Material Subsidiaries is disclosed on the website of the Company at the link <https://ganeshaecosphere.com/admin/UploadedFiles/ContentImages/PoliciesAttachment/Policy-for-determining-Material-Subsidiaries.pdf>

**f) Details of utilization of funds raised through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A).**

Not Applicable.

**g) Certificate from a Company Secretary in Practice:**

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

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

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

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

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

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

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

**k) 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.

**8. CEO AND CFO CERTIFICATION:**

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

**DECLARATION**

Pursuant to Regulation 26(3) of Listing Regulations, I, Sharad Sharma, Managing Director & Chief Executive Officer of Ganesha Ecosphere Limited, 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 2020-21.

**(Sharad Sharma)**

Managing Director & Chief Executive Officer

Place : Kanpur

DIN: 00383178

Date : 6<sup>th</sup> August, 2021

# CERTIFICATE OF NON- DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C, Clause (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents'),

as submitted by the Directors of **Ganesha Ecosphere Limited** ('the Company') bearing **CIN: L51109UP1987PLC009090** and having its Registered Office at Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.) to the Board of Directors of the Company ('the Board') for the Financial years 2020-21 and 2021-22 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of the Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory / Statutory Authorities.

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

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

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Director Identification Number (DIN) status at the MCA Portal ([www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial year ended 31<sup>st</sup> March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

| SI. No. | Name of Director            | Director Identification Number (DIN) | Date of Appointment* | Date of Cessation |
|---------|-----------------------------|--------------------------------------|----------------------|-------------------|
| 1.      | Shri Shyam Sunder Sharmma   | 00530921                             | 19.06.1989           | N.A.              |
| 2.      | Shri Sharad Sharma          | 00383178                             | 30.10.1987           | N.A.              |
| 3.      | Shri Vishnu Dutt Khandelwal | 00383507                             | 30.10.1987           | N.A.              |
| 4.      | Shri Surendra Kumar Kabra   | 01280980                             | 19.07.1994           | N.A.              |
| 5.      | Shri Pradeep Kumar Goenka   | 00404746                             | 29.07.2006           | N.A.              |
| 6.      | Shri Rajesh Sharma          | 02228607                             | 19.06.2008           | N.A.              |
| 7.      | Shri Vishwanath Chandak     | 00313035                             | 28.02.2009           | N.A.              |
| 8.      | Shri Anoop Gupta            | 00153340                             | 26.05.2012           | 22.09.2020        |
| 9.      | Shri Gopal Singh Shekhavat  | 06591844                             | 25.05.2013           | 24.12.2020        |
| 10.     | Shri Abhilash Lal           | 03203177                             | 29.09.2014           | N.A.              |
| 11.     | Smt. Seema Sharma           | 07466530                             | 30.03.2016           | 22.09.2020        |
| 12.     | Smt. Shobha Chaturvedi      | 08553800                             | 05.09.2019           | N.A.              |

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

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

For **S.K. Gupta & Co.**  
Company Secretaries  
ICSI Unique Code: P1992UP012800  
Peer Review Certificate No. 1088 / 2021

**(S.K.GUPTA)**  
Managing Partner  
F.C.S 2589, C.P 1920  
UDIN: F002589C000744726

Place: Kanpur  
Date: 6th August, 2021

# 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 31<sup>st</sup> March, 2021, as stipulated under 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 "SEBI 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 the review of 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 Directors and the Management and considering the relaxation granted by the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI') warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned "SEBI Listing Regulations" as applicable during the financial year ended 31<sup>st</sup> March, 2021.

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  
ICSI Unique Code: P1992UP012800  
Peer Review Certificate No. 1088 / 2021

**(S.K.GUPTA)**  
Managing Partner  
F.C.S 2589, C.P 1920  
UDIN: F002589C000744759

Place: Kanpur  
Date: 6th August, 2021

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

|     |  |   |
|-----|--|---|
| 1.  | Corporate Identity Number (CIN) of the Company   | L51109UP1987PLC009090   |
| 2.  | Name of the Company  | Ganeshha Ecosphere Limited  |
| 3.  | Registered address   | Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat- 209304, Uttar Pradesh.   |
| 4.  | Website  | www.ganeshhaecosphere.com   |
| 5.  | E-mail id  | gesl@ganeshhaecosphere.com  |
| 6.  | Financial Year reported  | April 1, 2020 to March 31, 2021 (FY 2020-2021)  |
| 7.  | Sector(s) that the Company is engaged in (industrial activity code-wise)                       | Manufacturing of: <ul style="list-style-type: none"> <li>• Polyester Staple Fibre (NIC Code: 20302)</li> <li>• Spun Yarn (NIC Code: 13114)</li> <li>• Dyed Texturized Yarn (NIC Code: 20303)</li> </ul> |
| 8.  | List three key products/services that the Company manufactures/ provides (as in balance sheet) | <ul style="list-style-type: none"> <li>• Polyester Staple Fibre</li> <li>• Spun Yarn</li> <li>• Dyed Texturized Yarn</li> </ul>   |
| 9.  | Total number of locations where business activity is undertaken by the Company:                |   |
|     | a) Number of International Locations   | None  |
|     | b) Number of National Locations  | Details of Plant Locations of the Company are provided under the head 'General Shareholders' Information' in the Corporate Governance Report.   |
| 10. | Markets served by the Company  | National & International  |
|     | - Local/ State/ National/ International:   |   |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

|    |   |  |
|----|---|--|
| 1. | Paid up Capital   | ₹ 2,182.94 Lakh  |
| 2. | Total Turnover (INR)  | ₹ 75,113.56 Lakh   |
| 3. | Total profit after taxes (INR)  | ₹ 4,518.64 Lakh  |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | The Company's total spending on CSR was ₹ 141.20 Lakh which is 3.12% of the profit after tax.<br>For detailed information, please refer 'Annexure C' to the Directors' Report. |
| 5. | List of activities in which expenditure in 4 above has been incurred                          | Please refer 'Annexure C' to the Directors' Report for details on CSR initiatives undertaken by the Company.   |

## SECTION C: OTHER DETAILS

|    |  |  |
|----|--|--|
| 1. | Does the Company have any Subsidiary Company/ Companies?   | Yes, as on 31st March, 2021; the Company had two wholly owned subsidiaries, namely: <ul style="list-style-type: none"> <li>• Ganeshha Ecopet Private Limited; and</li> <li>• Ganeshha Ecotech Private Limited</li> </ul> |
| 2. | Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).   | The Company encourages its subsidiaries to adopt its policies and practices.   |
| 3. | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | The Company's suppliers, distributors etc. are encouraged to adopt BR Initiatives of the Company and follow the practices expected from responsible businesses.  |

**SECTION D: BR INFORMATION****1. Details of Director responsible for BR and implementation of the BR policy:**

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

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

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

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

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

| No. | Questions   | P1   | P2 | P3 | P4 | P5 | P6 | P7  | P8 | P9 |
|-----|---|--|----|----|----|----|----|-----|----|----|
| 1.  | Do you have a policy/ policies for....  | Y  | Y  | Y  | Y  | Y  | Y  | NA* | Y  | Y  |
| 2.  | Has the policy being formulated in Consultation with the relevant stakeholders?   | Y  | Y  | Y  | Y  | Y  | Y  | NA  | Y  | Y  |
| 3.  | Does the policy conform to any National / international standards? If yes, specify? (50 words)                            | Policies are prepared ensuring adherence to applicable laws and in line with international standards such as ISO 14001, ISO 45001 and GRS compliance certificate.  |    |    |    |    |    |     |    |    |
| 4.  | Has the policy being approved by the Board?<br>If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?  | Policies mandated under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are approved by the Board and other applicable/ internal policies are approved by the Managing Director or Functional Heads of the Company, as appropriate. |    |    |    |    |    |     |    |    |
| 5.  | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes  |    |    |    |    |    |     |    |    |

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

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

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

Not Applicable.

### 3. Governance related to BR

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

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

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

The BR Report is part of Annual Report and is published annually. The Annual Report is available on the Company's website at <http://ganeshaecosphere.com/annual-reports/>

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

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

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

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

The Company's stakeholders include our investors, employees, vendors / partners, government, and local communities. The details of investor complaints and resolution during the financial year 2020-21 are provided in the Corporate Governance Report forming part of this Annual Report.

**Principle 2**

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

Sustainability is at heart of our organization and our principal business is recycling. We believe in giving second life to PET through recycling. Our each unit is equipped with Effluent Treatment Plants, pollution control devices etc. We have received ISO 9001:2015, ISO 14001:2015 and ISO 45001: 2018 (OH&S) with respect to (i) Quality Management System; (ii) Environmental Management System; and (iii) Occupational Health and Safety Management System. We have received the Hohenstein Textile Testing Institute's (Germany) authorization to use the STANDARD 100 by OEKO-TEX mark, validating the highest ecological standards and have also received the compliance certificate for Global Recycled Standard (GRS) from the CU Inspection and Certifications India Private Limited.

The three products are:

- a) Recycled Polyester Staple Fibre
- b) Dyed Texturized Yarn
- c) Spun Yarn

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?  
Details of conservation of energy are given in 'Annexure-D' of the Directors' Report.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?  
Our product is an intermediate industrial product, thus end consumer data of reduction during usage (energy, water) is not available with the Company.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

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

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

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

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

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

**Principle 3**

1. Total number of employees: 3451
2. Total number of employees hired on temporary/contractual/casual basis: 658
3. Number of permanent women employees: 427
4. Number of permanent employees with disabilities: 10
5. Do you have an employee association that is recognized by management? No
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment in the last financial year and pending, as on the end of the financial year.

None

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

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

| Particulars                             | Safety Training | Skill Up-Gradation Training |
|---|-----------------|-----------------------------|
| Permanent Employees                     | 68%             | 20%                         |
| Permanent Women Employees               | 67%             | 20%                         |
| Casual/ Temporary/Contractual Employees | 80%             | NIL                         |
| Employees with Disabilities             | 95%             | 25%                         |

**Principle 4**

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

Yes.

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

Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders. The Company's CSR programs are designed to serve the needs of this sections of the society. The key communities consist of areas in and around the Company's manufacturing facilities. Further, the Company is indirectly linked with marginalized and vulnerable sections as most of the raw material is sourced from Rag-pickers/ Kabadis.

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

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

1. Free Health Checkup Camps;
2. Free Ambulance Service;
3. Installation of Solar Street Lights;
4. Assistance to Schools; and
5. Distribution of Blankets & COVID relief Programs.

**Principle 5**

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

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

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

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

**Principle 6**

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

Yes, the Company's policy is extended to the entire group and the suppliers/contractors/others are encouraged to adopt its policies and practices.

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

Global environmental issues are addressed as a part of our business model. Your Company recycles more than 10% of the PET bottle scrap generated in India. Energy conservation, use of renewable energy, water conservation and sustainable processes are also being adopted by the Company.

Boosting our renewable energy consumption, we have installed additional 4.06 MW roof-top solar power plants during FY 2020-21 to harness renewable energy and reduce carbon footprint.

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

Yes, the Company has a mechanism to identify and assess risks including environmental risks. Manufacturing Facilities of the Company are ISO 9001, ISO 14001 and ISO 45001 certified.

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

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

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

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

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

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

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

There were no pending show cause notices as on March 31, 2021.

**Principle 7**

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

Yes, the Company is a member of following associations:

- (a) Indian Industries Association (IIA)
  - (b) PET Packaging Association for Clean Environment (PACE)
  - (c) All India Plastics Manufacturers' Association (AIPMA)
  - (d) All India Recycled Fibre and Yarn Manufacturers Association
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

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

**Principle 8**

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

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

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

Programmes as covered under CSR Activities are undertaken by the Company as well as external organizations. Activities undertaken by external organizations are directed and monitored by the Company on regular intervals /periods.

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

The CSR Programmes and their impacts/ outcomes are periodically monitored and reviewed by the CSR Committee of the Board and the management. Statutory 'impact assessment' is currently not applicable to the Company as its CSR obligations are well below the prescribed thresholds.

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

During the year, the Company has spent ₹141.20 Lakh on various CSR initiatives, as detailed in 'Annexure- C' to the Directors' Report that forms part of this Annual Report.

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

At Ganesha, the CSR projects and programs are undertaken after identifying the communities that require development. The Company is committed to improving the quality of life of the communities around its plant locations and society at large through need based CSR initiatives in the areas of healthcare, education and environment. The Company also interacts with the stakeholders to ensure that its projects are being implemented effectively.

**Principle 9**

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

None.

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

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

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

No.

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

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

# Financial Statements

# INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS OF  
GANESHA ECOSPHERE LIMITED

## Report on the Audit of the Standalone Financial Statements Opinion

We have audited the accompanying standalone financial statements of Ganesha Ecosphere Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

| Key Audit Matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Revenue Recognition</b> (as described in note 2.d of the standalone financial statements)</p> <p>The Company recognises revenue when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.</p> <p>The terms of sales arrangements, including the timing of transfer of control, delivery specifications including incoterms in case of exports, create complexity and judgement in determining timing of revenue recognition. The risk is, therefore, that revenue may not be recognised in the correct period in accordance with Ind AS 115.</p> <p>Revenue is measured net of returns and allowances, cash discounts, trade discounts and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are incorrectly recorded as it also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual.</p> <p>Accordingly, due to the risk associated with revenue recognition, it was determined to be a key audit matter in our audit of the standalone financial statements.</p> | <ol style="list-style-type: none"> <li>We have considered the Company's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from Contracts with Customers'.</li> <li>We have assessed the design and tested the operating effectiveness of internal controls related to revenue recognition.</li> <li>We have performed sample test of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples tested, we have checked that the revenue has been recognised when the conditions for revenue recognitions are satisfied.</li> <li>We have selected sample of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying documents.</li> <li>We have performed analytical procedures of revenue to identify any unusual trends.</li> <li>We have obtained confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements; to ensure revenue from contracts with customers is in accordance with the requirements of relevant accounting standards.</li> <li>We have assessed the relevant disclosures made within the standalone financial statements.</li> </ol> |

**Evaluation of pending litigations** (as described in note 30.2 of the standalone financial statements)

The Company has pending litigations for demand in dispute under various statutes which involves significant judgment to determine the possible outcome of these disputes.

We have obtained the details of litigations under various statutes for the year ended March 31, 2021 from the management.

We have reviewed the management's underlying assumptions in estimating the provisions in respect to the disputed matters and the possible outcome of the disputes. We have also reviewed the legal precedence, where available, and other documents provided for review by the management in evaluating its position in these matters.

We have also reviewed the assumptions made by the management as at March 31, 2021 and evaluated whether any change was required on account of information and updates made available during the year.

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of

adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the standalone financial statements by the Directors of the Company, as aforesaid.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The balance sheet, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 auditor's report in accordance with the requirements of Section 197(16) of the Act:

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

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

- i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - refer note 30.2;

- ii. the Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer note 15.2;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

**For Narendra Singhania & Co.  
Chartered Accountants**

Firm Reg No. 009781N

**Girish Singhania**

Partner

Membership No.: 092687

Place: New Delhi

Date: May 22, 2021

UDIN - 21092687AAAAAX4318

## Annexure A to the Independent Auditor's Report

**(Referred to in paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesh Ecosphere Limited ("the Company") on the standalone financial statements as of and for the year ended March 31, 2021)**

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

- (1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - (b) As explained to us, the fixed assets are physically verified by the management, according to a phased programme designed to cover all the items over a period of three years, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of fixed assets has been physically verified by the management during the year and as informed to us, no material discrepancies were noticed on such physical verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (2) As explained to us, the physical verification of inventory has been conducted at reasonable intervals by the management during the year and discrepancies noticed on such physical verification between physical stock and book records were not material considering the operations of the Company and the same have been appropriately dealt with in the books of account.
  - (3) The Company has granted unsecured loans to its wholly owned subsidiaries company covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"):
    - a) In our opinion, the rate of interest and other terms and conditions for such loan are not, prima facie, prejudicial to the interest of the Company.
    - b) The schedule of repayment of principal and payment of interest on the above loans has been stipulated and the repayments are regular.
    - c) There were no overdue amounts in respect of the above loans in the current year.
- (4) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect to the investments made by it during the year.
  - (5) According to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
  - (6) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148 (1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
  - (7) (i) According to the information and explanations given to us, and the records of the Company examined by us, in our opinion, the Company has generally been regularly depositing with the appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, duty of customs, goods and services tax and other material statutory dues applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
  - (ii) According to the records of the Company, and as per the information and explanations given to us, there are no dues of duty of customs, sales tax, service tax and goods and services tax, which have not been deposited on account of any dispute. The particulars of dues of income-tax and value added tax as at March 31, 2021, which have not been deposited on account of a dispute, are as follows:

| Name of the Statute                   | Nature of the Dues           | Amount of demand (₹ in Lakh) | Amount paid under protest (₹ in Lakh) | Period to which the amount relates | Forum where dispute is pending   |
|---------------------------------------|------------------------------|------------------------------|---------------------------------------|------------------------------------|--|
| Uttarakhand Value Added Tax Act, 2005 | Value Added Tax              | 2.60                         | 0.48                                  | 2010-11 to 2011-12                 | Joint Commissioner (Appeals) (First) Commercial Tax Haldwani Uttarakhand |
| UPVAT Act, 2008                       | Value Added Tax              | 5.05                         | 2.73                                  | 2015-16                            | Additional Commissioner (Appeals) Grade-II, Kanpur                       |
| Income Tax Act, 1961                  | Income Tax Demand u/s 143(3) | 35.92                        | 7.50                                  | 2015-16                            | Commissioner of Income Tax (Appeals), Kanpur                             |

- (8) Based on our audit procedures, and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to financial institutions or banks or Government during the year. Further, the Company has not issued any debentures during the year.
- (9) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained. Further, as per the records, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (10) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.
- (11) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has paid and provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (12) In our opinion, and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Clause 3(xii) of the said Order are not applicable to the Company.
- (13) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act.
- (14) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the said Order are not applicable to the Company.
- (15) According to the information and explanations given to us, and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with its Directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of Clause 3(xv) of the said Order are not applicable to the Company.
- (16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the said Order are not applicable to the Company.

**For Narendra Singhania & Co.  
Chartered Accountants**

Firm Reg No. 009781N

**Girish Singhania**

Partner

Membership No.: 092687

Place: New Delhi

Date: May 22, 2021

UDIN - 21092687AAAAAX4318

## Annexure B to the Independent Auditor's Report

**(Referred to in paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesha Ecosphere Limited on the standalone financial statements as of and for the year ended March 31, 2021)**

### **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, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information, and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on

Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Narendra Singhania & Co.  
Chartered Accountants**

Firm Reg No. 009781N

**Girish Singhania**

Partner

Membership No.: 092687

Place: New Delhi

Date: May 22, 2021

UDIN - 21092687AAAAAX4318

# STANDALONE BALANCE SHEET

as at March 31, 2021

(₹ in Lakh)

| Particulars  | Note No. | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|----------|-------------------------|-------------------------|
| <b>ASSETS</b>  |          |                         |                         |
| <b>(1) Non-current assets</b>  |          |                         |                         |
| (a) Property, plant and equipment  | 3.1      | 28,255.22               | 28,785.69               |
| (b) Capital work-in-progress   | 3.2      | 1,070.61                | 212.61                  |
| (c) Right of use assets (ROU)  | 3.3      | 123.36                  | 124.97                  |
| (d) Intangible assets  | 4.1      | 135.95                  | 185.65                  |
| (e) Financial assets:  |          |                         |                         |
| (i) Investment in subsidiaries   | 5.1      | 5,570.64                | 1,000.00                |
| (ii) Loans   | 5.2      | 1,382.72                | 992.21                  |
| (iii) Others   | 5.3      | 322.03                  | 72.59                   |
| (f) Other non-current assets   | 6.0      | 673.56                  | 605.48                  |
| <b>Sub-total</b>   |          | <b>37,534.09</b>        | <b>31,979.20</b>        |
| <b>(2) Current assets</b>  |          |                         |                         |
| (a) Inventories  | 7.0      | 17,251.95               | 14,480.94               |
| (b) Financial assets:  |          |                         |                         |
| (i) Investments  | 8.1      | 7,213.14                | 8,322.48                |
| (ii) Trade receivables   | 8.2      | 10,555.13               | 9,736.70                |
| (iii) Cash and cash equivalents  | 8.3      | 210.30                  | 110.25                  |
| (iv) Bank balances other than (iii) above  | 8.4      | 173.92                  | 359.26                  |
| (v) Loans  | 8.5      | 2.05                    | 1.41                    |
| (vi) Others  | 8.6      | 79.05                   | 118.65                  |
| (c) Current tax assets (net)   | 10.0     | 510.65                  | 414.34                  |
| (d) Other current assets   | 9.0      | 1,300.40                | 1,018.62                |
| <b>(3) Assets held for sale/ disposal</b>  | 11.0     | 27.25                   | 35.57                   |
| <b>Sub-total</b>   |          | <b>37,323.84</b>        | <b>34,598.22</b>        |
| <b>TOTAL ASSETS</b>  |          | <b>74,857.93</b>        | <b>66,577.42</b>        |
| <b>EQUITY AND LIABILITIES</b>  |          |                         |                         |
| <b>(1) Equity</b>  |          |                         |                         |
| (a) Equity share capital   | 12.1     | 2,182.94                | 2,182.94                |
| (b) Other equity   | 12.2     | 49,699.66               | 45,585.61               |
| <b>Sub-total</b>   |          | <b>51,882.60</b>        | <b>47,768.55</b>        |
| <b>(2) Liabilities</b>   |          |                         |                         |
| <b>(2A) Non-current liabilities</b>  |          |                         |                         |
| (a) Financial liabilities:   |          |                         |                         |
| (i) Borrowings   | 13.0     | 3,212.17                | 5,212.64                |
| (b) Deferred tax liabilities (net)   | 18.1     | 1,913.08                | 1,712.51                |
| (c) Government grants  | 14.2     | 400.21                  | 439.60                  |
| (d) Provisions   | 17.1     | 609.21                  | 719.29                  |
| <b>Sub-total</b>   |          | <b>6,134.67</b>         | <b>8,084.04</b>         |
| <b>(2B) Current liabilities</b>  |          |                         |                         |
| (a) Financial liabilities:   |          |                         |                         |
| (i) Borrowings   | 13.0     | 8,809.20                | 3,138.69                |
| (ii) Trade payables:   |          |                         |                         |
| Total outstanding dues of micro enterprises and small enterprises                      | 15.1     | 61.79                   | 43.52                   |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15.1     | 3,459.64                | 3,368.74                |
| (iii) Other financial liabilities  | 15.2     | 3,353.61                | 3,688.62                |
| (b) Government grants  | 14.1     | 44.57                   | 44.27                   |
| (c) Other current liabilities  | 16.0     | 843.51                  | 297.53                  |
| (d) Provisions   | 17.2     | 268.34                  | 143.46                  |
| <b>Sub-Total</b>   |          | <b>16,840.66</b>        | <b>10,724.83</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>74,857.93</b>        | <b>66,577.42</b>        |
| 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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajjani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars   | Note No. | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>I INCOME</b>   |          |                                      |                                      |
| Revenue from operations   | 19.0     | 75,113.56                            | 88,883.39                            |
| Other income  | 20.0     | 1,077.21                             | 749.61                               |
| <b>Total income</b>   |          | <b>76,190.77</b>                     | <b>89,633.00</b>                     |
| <b>II EXPENSES</b>  |          |                                      |                                      |
| Cost of materials consumed  |          | 46,035.61                            | 55,700.26                            |
| Purchases of stock-in-trade   |          | 1,876.54                             | 1,425.72                             |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 21.0     | (359.37)                             | (2,575.27)                           |
| Employee benefits expenses  | 22.0     | 4,800.95                             | 6,001.80                             |
| Finance costs   | 25.0     | 870.83                               | 777.35                               |
| Depreciation and amortization expense   | 24.0     | 2,716.18                             | 2,805.36                             |
| Other expenses  | 23.0     | 14,288.34                            | 17,150.34                            |
| <b>Total expenses</b>   |          | <b>70,229.08</b>                     | <b>81,285.56</b>                     |
| <b>III Profit before tax (I-II)</b>   |          | <b>5,961.69</b>                      | <b>8,347.44</b>                      |
| <b>IV Tax expense</b>   | 26.0     |                                      |                                      |
| Current tax   |          | 1,253.26                             | 1,957.14                             |
| Deferred tax charge/ (credit)   |          | 189.79                               | (414.46)                             |
| MAT credit reversed   |          | -                                    | 416.59                               |
| <b>Total tax expense</b>  |          | <b>1,443.05</b>                      | <b>1,959.27</b>                      |
| <b>V Profit for the year (III-IV)</b>   |          | <b>4,518.64</b>                      | <b>6,388.17</b>                      |
| <b>VI Other comprehensive income</b>  |          |                                      |                                      |
| Items that will not be reclassified to profit or loss                         |          |                                      |                                      |
| Re-measurement gain/ (loss) on defined benefit obligation                     |          | 42.82                                | 15.77                                |
| Less: Income-tax relating to above item                                       | 26.0     | (10.78)                              | (3.97)                               |
|   |          | <b>32.04</b>                         | <b>11.80</b>                         |
| <b>VII Total comprehensive income for the year (V+VI)</b>                     |          | <b>4,550.68</b>                      | <b>6,399.97</b>                      |
| <b>VIII Earnings per share</b>  |          |                                      |                                      |
| Basic (face value of ₹ 10 per equity share)                                   | 28.0     | 20.70                                | 29.26                                |
| Diluted (face value of ₹ 10 per equity share)                                 |          | 20.70                                | 29.26                                |
| 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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars  | Note No. | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|----------|------------------------------|------------------------------|
| <b>A. Cash flow from operating activities:</b>               |          |                              |                              |
| Profit before tax as per statement of profit and loss        |          | 5,961.69                     | 8,347.44                     |
| <b>Adjustments for:</b>                                      |          |                              |                              |
| Depreciation and amortization expense                        |          | 2,716.18                     | 2,805.36                     |
| Loss on sale/ discard of property, plant and equipment (net) |          | 18.53                        | 53.02                        |
| Allowance for doubtful trade receivables and advances        |          | (12.75)                      | (110.37)                     |
| Bad debts/ advances written off                              |          | 42.51                        | 66.71                        |
| Liabilities no longer required written back                  |          | (73.63)                      | (1.11)                       |
| Loss on foreign currency fluctuations and translations (net) |          | 50.36                        | 100.96                       |
| Interest expense   |          | 718.86                       | 628.06                       |
| Interest income  |          | (261.49)                     | (384.64)                     |
| Profit on sale of investments                                |          | (161.80)                     | (208.51)                     |
| Fair value gain on financial assets                          |          | (510.71)                     | (48.13)                      |
| Fair value gain on preference shares                         |          | (70.64)                      | -                            |
| Dividend on preference shares                                |          | (12.90)                      | -                            |
| Government grants against interest expense                   |          | -                            | (50.00)                      |
| Amortization of Government grants                            |          | (52.79)                      | (42.99)                      |
| <b>Operating profit before working capital changes</b>       |          | <b>8,351.42</b>              | <b>11,155.80</b>             |
| <b>Movements in working capital:</b>                         |          |                              |                              |
| Increase in trade receivables                                |          | (831.89)                     | (804.55)                     |
| (Increase)/ decrease in other receivables and prepayments    |          | (348.59)                     | 723.08                       |
| Increase in inventories                                      |          | (2,771.02)                   | (1,507.38)                   |
| Increase in trade payables                                   |          | 161.28                       | 653.00                       |
| Increase in other payables                                   |          | 360.42                       | 77.30                        |
| Increase in provisions                                       |          | 57.62                        | 172.21                       |
| <b>Cash generated from operations</b>                        |          | <b>4,979.24</b>              | <b>10,469.46</b>             |
| Direct taxes paid (net of refunds)                           |          | (1,349.57)                   | (2,452.55)                   |
| <b>Net cash flow generated from operating activities (A)</b> |          | <b>3,629.67</b>              | <b>8,016.91</b>              |
| <b>B. Cash flow from investing activities</b>                |          |                              |                              |
| Purchase of property, plant and equipment                    |          | (3,113.09)                   | (1,176.23)                   |
| Purchase of intangible assets                                |          | (1.50)                       | (30.00)                      |
| Proceeds from sale of property, plant and equipment          |          | 125.41                       | 17.72                        |
| Investment made in subsidiary                                |          | (4,500.00)                   | (1,000.00)                   |
| Loan to subsidiaries   |          | (368.00)                     | (990.00)                     |
| Loan to body corporate                                       |          | (21.00)                      | -                            |
| Fixed deposits made  |          | (904.83)                     | (3,295.35)                   |

# STANDALONE CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars  | Note No. | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
|--|----------|------------------------------|------------------------------|
| Fixed deposits matured   |          | 2,552.18                     | 2,725.05                     |
| Interest received  |          | 296.69                       | 325.38                       |
| Purchase of investments  |          | (4,401.02)                   | (13,694.88)                  |
| Proceeds from sale of investments  |          | 4,482.87                     | 9,932.00                     |
| <b>Net cash flow used in investing activities (B)</b>  |          | <b>(5,852.29)</b>            | <b>(7,186.31)</b>            |
| <b>C. Cash flow from financing activities</b>  |          |                              |                              |
| Proceeds from non-current borrowings (other than related parties)  |          | 944.79                       | 3,240.39                     |
| Repayment of non-current borrowings (other than related parties)   |          | (2,888.42)                   | (4,034.01)                   |
| Proceeds from/ (repayment of) current borrowings (net) (other than related parties)  |          | 5,616.51                     | (545.66)                     |
| (Repayment of)/ proceeds from related parties as borrowings (net)  |          | (182.50)                     | 83.00                        |
| Dividend paid to equity shareholders   |          | (436.59)                     | (436.59)                     |
| Dividend distribution tax paid   |          | -                            | (89.74)                      |
| Government grants against interest expense   |          | -                            | 50.00                        |
| Interest paid  |          | (731.12)                     | (601.46)                     |
| <b>Net cash flow generated from/ (used in) financing activities (C)</b>  |          | <b>2,322.67</b>              | <b>(2,334.07)</b>            |
| <b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>   |          | <b>100.05</b>                | <b>(1,503.47)</b>            |
| Cash and cash equivalents at the beginning of the year   |          | 110.25                       | 1,613.72                     |
| <b>Cash and cash equivalents at the end of the year</b>  | 8.3      | <b>210.30</b>                | <b>110.25</b>                |
| <b>Notes:</b>  |          |                              |                              |
| The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7, 'Statement of Cash Flows'. |          |                              |                              |
| Significant accounting policies  | 2.0      |                              |                              |
| The accompanying notes are an integral part of these financial statements.   |          |                              |                              |

As per our report of even date attached

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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

| A. Equity share capital                         |  | (₹ in Lakh)     |
|---|--|-----------------|
| <b>As at April 1, 2019</b>                      |  | <b>2,182.94</b> |
| Changes in equity share capital during the year |  | -               |
| <b>As at March 31, 2020</b>                     |  | <b>2,182.94</b> |
| Changes in equity share capital during the year |  | -               |
| <b>As at March 31, 2021</b>                     |  | <b>2,182.94</b> |

## B. Other equity

(₹ in Lakh)

| Particulars                                    | Reserves and surplus       |                 |                    |                 |                   | Total            |
|--|----------------------------|-----------------|--------------------|-----------------|-------------------|------------------|
|  | Capital redemption reserve | Capital reserve | Securities premium | General reserve | Retained earnings |                  |
| <b>Balance as at April 1, 2019</b>             | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>24,819.84</b>  | <b>39,711.97</b> |
| Profit for the year                            | -                          | -               | -                  | -               | 6,388.17          | 6,388.17         |
| Other comprehensive income for the year        | -                          | -               | -                  | -               | 11.80             | 11.80            |
| <b>Total comprehensive income for the year</b> | <b>-</b>                   | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>6,399.97</b>   | <b>6,399.97</b>  |
| Dividend paid                                  | -                          | -               | -                  | -               | (436.59)          | (436.59)         |
| Dividend distribution tax                      | -                          | -               | -                  | -               | (89.74)           | (89.74)          |
| <b>Balance as at March 31, 2020</b>            | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>30,693.48</b>  | <b>45,585.61</b> |
| Profit for the year                            | -                          | -               | -                  | -               | 4,518.64          | 4,518.64         |
| Other comprehensive income for the year        | -                          | -               | -                  | -               | 32.04             | 32.04            |
| <b>Total comprehensive income for the year</b> | <b>-</b>                   | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>4,550.68</b>   | <b>4,550.68</b>  |
| Dividend paid                                  | -                          | -               | -                  | -               | (436.59)          | (436.59)         |
| Other  | -                          | -               | -                  | -               | (0.04)            | (0.04)           |
| <b>Balance as at March 31, 2021</b>            | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>34,807.53</b>  | <b>49,699.66</b> |

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

As per our report of even date attached

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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

**For and on behalf of the Board of Directors**

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

## 1.0 Corporate information

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

## 2.0 Significant Accounting Policies

### a) Basis of preparation

#### (i) Compliance with Indian Accounting Standards

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

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

#### (ii) Historical cost convention

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

#### (iii) Current versus non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criterion set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

#### (iv) Rounding of amounts

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

### b) Use of estimates

The preparation of financial statements in conformity

with generally accepted accounting principles requires management to make estimates and assumptions, based upon the best knowledge of current events and actions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of incomes and expenses during the reported period. Actual results may differ from those estimates. Any difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

### c) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the statement of profit and loss. Exchange differences, in respect of foreign currency borrowings taken for acquiring qualifying assets included in property, plant and equipment, to the extent it is an adjustment to interest cost, has been capitalized. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2017 which are related to the acquisition of qualifying assets are adjusted in the carrying cost of such assets.

### d) Revenue recognition

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

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

#### (i) Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers (i.e. when performance obligation is satisfied) for an amount that reflects the consideration which the Company expects to receive in exchange for those products. The Company does not expect to have any contracts where the period between the transfer of promised goods to the customer and payment by the

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the value of money.

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

### (ii) Job work receipts

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

### (iii) Export incentives

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

### (iv) Recycling certification income

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

### (v) Interest income

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

### (vi) Insurance claims

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

### (vii) Dividend income on preference shares

Dividend income on investment in preference shares of subsidiary company is recognized on a time proportion accrual basis using the applicable coupon rate.

## e) Government grants

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit and loss on a straight line basis over the expected lives of related assets and are presented within other income. Government grants relating to an expense item is recognised as income on a systematic basis over the

periods that the related costs, for which it is intended to compensate, are expensed and are netted off from the related expense. However, where the grant pertains to expenses already incurred in earlier years, it is disclosed in other income.

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

In case of interest free/ concessional loan provided by Government, the loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial fair value of the loan and the proceeds received. The loan or assistance is subsequently measured as per the accounting policy applicable to financial liabilities.

## f) Taxes

### (i) Current income-tax

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

### (ii) Deferred income-tax

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to off set 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

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

### g) Non-current assets held for sale

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

### h) Property, plant and equipment

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

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 (Bilaspur) Unit (excluding Rooftop Solar Panels, which are depreciated on WDV) where depreciation is provided on Straight Line Method ('SLM').

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

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

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

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

### j) Borrowings

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

### k) Borrowing costs

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

### l) Lease

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

#### Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-

term leases (that do not contain purchase option) and leases of low value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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

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

#### (ii) Lease liabilities

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

#### (iii) Short-term leases and leases of low-value assets

The Lease payments on short-term leases and lease of low-value assets are recognized as expense on a straight-line basis over the lease term.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### m) Inventories

#### (i) Measurement of Inventory

Inventories of raw material, stores & spares, work-in-progress, finished goods and stock-in-trade (including goods-in-transit) are stated at cost or net realizable value, whichever is lower. Waste & scrap is valued at net realizable value.

#### (ii) Cost of Inventories

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase of inventories comprise the purchase price, import duties and other non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of inventory items. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting material into finished goods.

Cost of inventories is ascertained on the 'weighted average' basis except stock-in-trade, where cost is ascertained on first-in-first-out (FIFO) basis.

#### (iii) Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is ascertained for each item of inventories with reference to the selling prices of related finished products. Estimate of net realizable value of finished goods and stock-in-trade are based on the most reliable evidence, available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of the inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Amount of write down of the inventories below cost is recognized as an expense as and when the event occurs.

### n) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, if any, are recognized in the statement of profit and loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

### o) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### (ii) Other long-term employee benefit

The liabilities for earned leave, that are not expected to be settled wholly within 12 months, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss.

### (iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, family pension fund and employee's state insurance.

### (a) Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expenses in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

### (b) Defined contribution plans

Defined contribution plans such as contributions to provident fund, family pension fund and employee's state insurance are made to the funds administered by the Government of India, and are recognized as an expense when employees have rendered service entitling them to the contributions.

### q) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand, bank overdrafts and short-term deposits with an original maturities of three months or less, which are subject to an insignificant risk of changes in value.

### r) Investment in subsidiaries

Non-current investment in equity shares of subsidiaries is recognized at cost, unless there are indications of a permanent diminution in the value of investment, as per Ind AS 27. Non-current investments in preference shares of subsidiaries is recognized at fair value through profit and loss.

### s) Financial instruments

#### a) Financial assets

##### i. Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not measured at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are accounted for using the trade date accounting.

##### ii. Classification and subsequent measurement

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both

# NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

## c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss.

## iii. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

## iv. Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## b) Financial liabilities

### i. Initial recognition and measurement

All financial liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in the statement of profit and loss as finance cost.

### ii. Classification and subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

## iii. Derecognition

A financial liability (or part of a financial liability) is derecognized from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

## c) Derivative financial instruments

The Company uses derivative financial instruments such as interest rate swaps, currency swaps and forward and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss in the period when they arise.

## d) Offsetting

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

## t) Earnings per share

### (i) Basic earnings per share

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

### (ii) Diluted earnings per share

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

## u) Standards issued but not effective

There are no standards that are issued but not yet effective on March 31, 2021.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 3.1 Property, plant and equipment

(₹ in Lakh)

| Particulars                      | Freehold land   | Buildings       | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles      | Total            |
|----------------------------------|-----------------|-----------------|-------------------|----------------------|------------------|---------------|------------------|
| <b>Gross block:</b>              |                 |                 |                   |                      |                  |               |                  |
| <b>As at April 1, 2019</b>       | 1,237.19        | 8,722.71        | 35,031.52         | 164.67               | 336.46           | 302.27        | 45,794.82        |
| Additions                        | 19.42           | -               | 485.62            | 0.82                 | 17.46            | 40.30         | 563.62           |
| Disposals                        | -               | -               | (98.52)           | (41.99)              | (7.01)           | (21.59)       | (169.11)         |
| <b>As at March 31, 2020</b>      | <b>1,256.61</b> | <b>8,722.71</b> | <b>35,418.62</b>  | <b>123.50</b>        | <b>346.91</b>    | <b>320.98</b> | <b>46,189.33</b> |
| Additions                        | -               | -               | 2,166.39          | -                    | 54.92            | 47.23         | 2,268.54         |
| Disposals                        | -               | -               | (201.36)          | (1.71)               | (50.87)          | (14.43)       | (268.37)         |
| <b>As at March 31, 2021</b>      | <b>1,256.61</b> | <b>8,722.71</b> | <b>37,383.65</b>  | <b>121.79</b>        | <b>350.96</b>    | <b>353.78</b> | <b>48,189.50</b> |
| <b>Accumulated depreciation:</b> |                 |                 |                   |                      |                  |               |                  |
| <b>As at April 1, 2019</b>       | -               | 2,350.49        | 11,849.72         | 116.92               | 248.25           | 193.29        | 14,758.67        |
| Charge for the year              | -               | 333.29          | 2,327.11          | 12.37                | 43.50            | 40.51         | 2,756.78         |
| Disposals                        | -               | -               | (42.98)           | (41.32)              | (6.99)           | (20.52)       | (111.81)         |
| <b>As at March 31, 2020</b>      | <b>-</b>        | <b>2,683.78</b> | <b>14,133.85</b>  | <b>87.97</b>         | <b>284.76</b>    | <b>213.28</b> | <b>17,403.64</b> |
| Charge for the year              | -               | 321.78          | 2,263.58          | 8.91                 | 33.22            | 35.90         | 2,663.39         |
| Disposals                        | -               | -               | (69.59)           | (1.62)               | (48.34)          | (13.20)       | (132.75)         |
| <b>As at March 31, 2021</b>      | <b>-</b>        | <b>3,005.56</b> | <b>16,327.84</b>  | <b>95.26</b>         | <b>269.64</b>    | <b>235.98</b> | <b>19,934.28</b> |
| <b>Net block:</b>                |                 |                 |                   |                      |                  |               |                  |
| <b>As at March 31, 2020</b>      | <b>1,256.61</b> | <b>6,038.93</b> | <b>21,284.77</b>  | <b>35.53</b>         | <b>62.15</b>     | <b>107.70</b> | <b>28,785.69</b> |
| <b>As at March 31, 2021</b>      | <b>1,256.61</b> | <b>5,717.15</b> | <b>21,055.81</b>  | <b>26.53</b>         | <b>81.32</b>     | <b>117.80</b> | <b>28,255.22</b> |

### 3.2 Capital work-in-progress

(₹ in Lakh)

|                             |                 |
|-----------------------------|-----------------|
| <b>As at March 31, 2020</b> | <b>212.61</b>   |
| <b>As at March 31, 2021</b> | <b>1,070.61</b> |

### 3.3 Right of use assets (ROU)

(₹ in Lakh)

| Leasehold land              |               |
|-----------------------------|---------------|
| <b>Gross block:</b>         |               |
| <b>As at April 1, 2019</b>  | -             |
| Additions*                  | 126.59        |
| Disposals                   | -             |
| <b>As at March 31, 2020</b> | <b>126.59</b> |
| Additions                   | -             |
| Disposals                   | -             |
| <b>As at March 31, 2021</b> | <b>126.59</b> |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Accumulated amortization:

(₹ in Lakh)

| Particulars                           | Total         |
|---------------------------------------|---------------|
| <b>As at April 1, 2019</b>            | -             |
| Charge for the year                   | 1.62          |
| Disposals                             | -             |
| <b>As at March 31, 2020</b>           | <b>1.62</b>   |
| Charge for the year                   | 1.61          |
| Disposals                             | -             |
| <b>As at March 31, 2021</b>           | <b>3.23</b>   |
| <b>Net block as at March 31, 2020</b> | <b>124.97</b> |
| <b>Net block as at March 31, 2021</b> | <b>123.36</b> |

\* additions during the previous year represents reclassification of operating lease of leasehold land from current and non-current portion of prepaid expenses as at April 1, 2019 on account of adoption of Ind AS 116 (refer note 31.0)

- 3.4** All property, plant and equipment, capital work-in-progress and ROU assets are charged as security for the term loan and working capital loan facilities from banks, to secure their respective dues (refer notes 13.1 and 27.0).
- 3.5** Refer note 30.1 (a) for contractual commitment for the acquisition of property, plant and equipment.
- 3.6** There is no impairment loss during the year ended March 31, 2021 and March 31, 2020.

### 4.0 Intangible assets

(₹ in Lakh)

| Particulars                     | Technical Knowhow | Software      | Total         |
|---------------------------------|-------------------|---------------|---------------|
| <b>Gross block</b>              |                   |               |               |
| <b>As at April 1, 2019</b>      | 14.63             | 277.17        | 291.80        |
| Additions                       | -                 | 30.00         | 30.00         |
| Disposals                       | -                 | (1.46)        | (1.46)        |
| <b>As at March 31, 2020</b>     | <b>14.63</b>      | <b>305.71</b> | <b>320.34</b> |
| Additions                       | -                 | 1.48          | 1.48          |
| Disposals                       | -                 | -             | -             |
| <b>As at March 31, 2021</b>     | <b>14.63</b>      | <b>307.19</b> | <b>321.82</b> |
| <b>Accumulated amortization</b> |                   |               |               |
| <b>As at April 1, 2019</b>      | 14.63             | 74.48         | 89.11         |
| Amortization for the year       | -                 | 46.96         | 46.96         |
| Disposals                       | -                 | (1.38)        | (1.38)        |
| <b>As at March 31, 2020</b>     | <b>14.63</b>      | <b>120.06</b> | <b>134.69</b> |
| Amortization for the year       | -                 | 51.18         | 51.18         |
| Disposals                       | -                 | -             | -             |
| <b>As at March 31, 2021</b>     | <b>14.63</b>      | <b>171.24</b> | <b>185.87</b> |
| <b>Net block</b>                |                   |               |               |
| <b>As at March 31, 2020</b>     | -                 | <b>185.65</b> | <b>185.65</b> |
| <b>As at March 31, 2021</b>     | -                 | <b>135.95</b> | <b>135.95</b> |

### Net Book Value

(₹ in Lakh)

| Particulars           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------------|-------------------------|-------------------------|
| 4.1 Intangible assets | 135.95                  | 185.65                  |

4.2 There is no impairment loss during the year ending March 31, 2021 and March 31, 2020.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 5.0 Non-current financial assets

#### 5.1 Investment in subsidiaries\*

| Particulars   | As at<br>March 31, 2021 |                       | As at<br>March 31, 2020 |                       |
|---|-------------------------|-----------------------|-------------------------|-----------------------|
|   | No. of Shares           | Amount<br>(₹ in Lakh) | No. of Shares           | Amount<br>(₹ in Lakh) |
| <b>Investment in equity instrument of subsidiary companies (unquoted, valued at cost)</b>                             |                         |                       |                         |                       |
| In equity shares of ₹ 10 each fully paid up of Ganesha Ecopet Private Limited   | 1,00,00,000             | 1,000.00              | 1,00,00,000             | 1,000.00              |
| In equity shares of ₹ 10 each fully paid up of Ganesha Ecotech Private Limited  | 1,50,00,000             | 1,500.00              | -                       | -                     |
| <b>Investment in preference shares of subsidiary company (unquoted, valued at fair value through profit and loss)</b> |                         |                       |                         |                       |
| In 1% preference shares of ₹ 100 each fully paid up of Ganesha Ecopet Private Limited                                 | 30,00,000               | 3,070.64              | -                       | -                     |
| <b>Total</b>  |                         | <b>5,570.64</b>       |                         | <b>1,000.00</b>       |

\* Maximum amount outstanding during the year ₹ 5,570.64 Lakh (March 31, 2020: ₹ 1,000.00 Lakh). There is no impairment loss in the value of investment.

#### 5.2 Loans

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Loans to related party</b>  |                         |                         |
| <b>Loans to subsidiaries*</b>  |                         |                         |
| - Ganesha Ecopet Private Limited<br>(Maximum amount outstanding during the year ₹ 1,200.00 Lakh (March 31, 2020: ₹ 990.00 Lakh)) | 1,135.00                | 990.00                  |
| - Ganesha Ecotech Private Limited<br>(Maximum amount outstanding during the year ₹ 223.00 Lakh (March 31, 2020: N.A.))           | 223.00                  | 990.00                  |
| <b>Loans to others</b>   |                         |                         |
| Loan to a body corporate (given for meeting business requirement)  | 21.00                   | -                       |
| Loans to employees   | 3.72                    | 2.21                    |
| <b>Total</b>   | <b>1,382.72</b>         | <b>992.21</b>           |
| <b>Break-up:</b>   |                         |                         |
| Loans considered good - secured  | -                       | -                       |
| Loans considered good - unsecured  | 1,382.72                | 992.21                  |
| Loans which have significant increase in credit risk   | -                       | -                       |
| Loans - credit impaired  | -                       | -                       |
|  | <b>1,382.72</b>         | <b>992.21</b>           |
| Less: Allowance for doubtful loans   | -                       | -                       |
| <b>Total</b>   | <b>1,382.72</b>         | <b>992.21</b>           |

\* The loans have been given for setting up of project.

Refer note 36.0 for information about credit risk and market risk of loans.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 5.3 Others

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Bank deposits with remaining maturity of more than twelve months* | 309.13                  | 72.59                   |
| Accrued dividend on preference shares                             | 12.90                   | -                       |
| <b>Total</b>  | <b>322.03</b>           | <b>72.59</b>            |

\*held as lien by banks against bank guarantees & other credit facilities amounting to ₹ 308.28 Lakh (March 31, 2020: ₹ 72.59 Lakh).

### 6.0 Other non-current assets

(₹ in Lakh)

| Particulars       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------|-------------------------|-------------------------|
| Capital advances  | 283.77                  | 267.67                  |
| Security deposits | 378.36                  | 324.73                  |
| Prepaid expenses  | 11.43                   | 13.08                   |
| <b>Total</b>      | <b>673.56</b>           | <b>605.48</b>           |

### 7.0 Inventories

(at lower of cost and net realizable value)

(₹ in Lakh)

| Particulars                 | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| Raw materials               | 8,516.46                | 6,254.07                |
| Work-in-progress            | 791.24                  | 571.27                  |
| Finished goods              | 5,331.21                | 5,812.99                |
| Finished goods (in-transit) | 598.57                  | 187.32                  |
| Stock-in-trade              | 310.25                  | 86.13                   |
| Stock-in-trade (in-transit) | -                       | 14.19                   |
| Stores and spares           | 1,704.22                | 1,554.97                |
| <b>Total</b>                | <b>17,251.95</b>        | <b>14,480.94</b>        |

Cost of inventories amounting to ₹ 286.38 Lakh (March 31, 2020: ₹ 457.40 Lakh) in respect of write-downs of inventory to net realisable value has been expensed out in the statement of profit and loss.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 8.0 Current financial assets

#### 8.1 Investments

(carried at fair value through profit and loss)

(₹ in Lakh)

| Particulars  | As at March 31, 2021 |                 | As at March 31, 2020 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No. of Units         | Amount          | No. of Units         | Amount          |
| <b>a) Investment in mutual funds (unquoted):</b>                                       |                      |                 |                      |                 |
| SBI Banking & PSU Fund (units of ₹ 1,000 each)   | 60,653.476           | 1,549.10        | 1,10,653.476         | 2,617.33        |
| HDFC Banking & PSU Debt Fund (units of ₹10 each)                                       | -                    | -               | 6,04,013.125         | 99.79           |
| Axis Dynamic Bond Fund (units of ₹ 10 each)  | 22,15,143.608        | 549.60          | 22,15,143.608        | 508.39          |
| Franklin India Banking & PSU Debt Fund (units of ₹ 10 each)                            | -                    | -               | 12,78,715.147        | 210.74          |
| DSP Banking & PSU Debt Fund (units of ₹ 10 each)                                       | 68,95,850.711        | 1,322.89        | 29,60,314.030        | 524.35          |
| ICICI Pru Corporate Bond Fund (units of ₹ 10 each)                                     | -                    | -               | 9,98,611.929         | 207.97          |
| L&T Triple Ace Bond Fund (units of ₹10 each)   | 18,69,535.585        | 1,114.97        | 18,69,535.585        | 1,033.23        |
| Kotak Banking & PSU Debt Fund (units of ₹ 10 each)                                     | -                    | -               | 10,80,116.566        | 514.64          |
| SBI Equity Hybrid Fund Growth (units of ₹ 10 each)                                     | 2,70,140.493         | 500.23          | 2,70,140.493         | 341.57          |
| Axis Banking & PSU Debt Fund (units of ₹ 100 each)                                     | 10,892.881           | 224.33          | 10,892.881           | 208.20          |
| <b>Sub-total</b>   |                      | <b>5,261.12</b> |                      | <b>6,266.21</b> |
| <b>b) Investment in bonds &amp; debentures (unquoted):</b>                             |                      |                 |                      |                 |
| IIFL Secure Trust July 2019 Series A PTC (units of ₹ 1,00,000 each)                    | -                    | -               | 219.000              | 6.27            |
| Indsind Bank Series III-2019 10.5% NCD Perpetual Bonds (units of ₹ 10,00,000 each)     | 35.000               | 350.00          | 35.000               | 350.00          |
| 9.15% PNB Perpetual Bond (units of ₹ 10,00,000 each)                                   | 25.000               | 238.61          | -                    | -               |
| 7.74% SBI Series I Perpetual Bond (units of ₹ 10,00,000 each)                          | 40.000               | 401.71          | -                    | -               |
| 9.5% UBI Series XX Perpetual Bond (units of ₹ 10,00,000 each)                          | 30.000               | 308.57          | -                    | -               |
| IIFL Secured Redeemable Non-Convertible Debenture Series D8 (units of ₹ 1,00,000 each) | 150.000              | 150.00          | -                    | -               |
| 8.5% BOB Series XIII Perpetual Bond (units of ₹ 10,00,000 each)                        | 50.000               | 503.13          | -                    | -               |
| <b>Sub-total</b>   |                      | <b>1,952.02</b> |                      | <b>356.27</b>   |
| <b>c) Fixed deposits with financial institutions</b>                                   |                      | -               |                      | 1,700.00        |
| <b>Sub-total</b>   |                      | -               |                      | <b>1,700.00</b> |
| <b>Total</b>   |                      | <b>7,213.14</b> |                      | <b>8,322.48</b> |

Refer note 35.0 and 36.0 for information about fair value measurement, credit risk and market risk of investments.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 8.2 Trade receivables

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Trade receivables  | 10,725.51               | 9,922.19                |
| Less: Allowance for doubtful trade receivables             | (170.38)                | (185.49)                |
| <b>Total</b>   | <b>10,555.13</b>        | <b>9,736.70</b>         |
| <b>Break-up:</b>   |                         |                         |
| Receivables considered good - secured                      | 1,050.43                | 431.71                  |
| Receivables considered good - unsecured                    | 9,504.70                | 9,304.99                |
| Receivables which have significant increase in credit risk | -                       | -                       |
| Receivables - credit impaired                              | -                       | -                       |
| Receivables considered doubtful - unsecured                | 170.38                  | 185.49                  |
|  | <b>10,725.51</b>        | <b>9,922.19</b>         |
| Less: Allowance for doubtful trade receivables             | (170.38)                | (185.49)                |
| <b>Total</b>   | <b>10,555.13</b>        | <b>9,736.70</b>         |

#### Notes:

- 1) Trade receivable represents the amount of consideration, in exchange for goods or services transferred to the customers, that is unconditional. There are no contract assets and contract liabilities.
- 2) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director of the Company is a partner, a director or a member.
- 3) No trade receivables are due from any other related party.
- 4) Refer note 35.0 & 36.0 for information about fair value measurement, credit risk and market risk of trade receivables.

### 8.3 Cash and cash equivalents

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Balances with banks:  |                         |                         |
| - On current accounts                                       | 178.62                  | 104.18                  |
| - Deposits with original maturity of less than three months | 11.08                   | -                       |
| Cheques on hand   | 14.01                   | -                       |
| Cash on hand  | 6.59                    | 6.07                    |
| <b>Total</b>  | <b>210.30</b>           | <b>110.25</b>           |

### 8.4 Bank balance other than cash and cash equivalents

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Unclaimed dividend (Earmarked)                             | 64.32                   | 65.77                   |
| Deposits with original maturity of more than three months* | 109.60                  | 293.49                  |
| <b>Total</b>   | <b>173.92</b>           | <b>359.26</b>           |

\*held as lien by banks against bank guarantees and letter of credits amounting of ₹ 100.32 Lakh (March 31, 2020: ₹ 293.49 Lakh)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 8.5 Loans

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Loans to employees                                   | 2.05                    | 1.41                    |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |
| Break-up:  |                         |                         |
| Loans considered good - secured                      | -                       | -                       |
| Loans considered good - unsecured                    | 2.05                    | 1.41                    |
| Loans which have significant increase in credit risk | -                       | -                       |
| Loans - credit impaired                              | -                       | -                       |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |
| Less: Allowance for doubtful loans                   | -                       | -                       |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |

Note: Refer note 36.0 for information about credit risk and market risk of loans.

### 8.6 Other financial assets

(₹ in Lakh)

| Particulars                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                |                         |                         |
| Interest receivable on fixed deposits and others | 79.05                   | 118.65                  |
| <b>Total</b>                                     | <b>79.05</b>            | <b>118.65</b>           |

### 9.0 Other current assets

(₹ in Lakh)

| Particulars                           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>     |                         |                         |
| Security deposits                     | 16.79                   | 15.61                   |
| Advances to suppliers                 | 788.64                  | 547.22                  |
| Advances to employees and others      | 18.73                   | 37.45                   |
| Prepaid expenses                      | 278.96                  | 200.83                  |
| Balances with Government authorities  | 166.37                  | 140.54                  |
| Interest receivable - others          | 30.91                   | 26.50                   |
| Export incentives receivable          | -                       | 50.47                   |
| <b>Sub-total</b>                      | <b>1,300.40</b>         | <b>1,018.62</b>         |
| <b>Unsecured, considered doubtful</b> |                         |                         |
| Advances to suppliers                 | 32.90                   | 30.55                   |
| Less: Allowance for doubtful advances | (32.90)                 | (30.55)                 |
| <b>Sub-total</b>                      | <b>-</b>                | <b>-</b>                |
| <b>Total</b>                          | <b>1,300.40</b>         | <b>1,018.62</b>         |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 10.0 Current Tax Assets (net)

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------|-------------------------|-------------------------|
| Income-tax   | 510.65                  | 414.34                  |
| <b>Total</b> | <b>510.65</b>           | <b>414.34</b>           |

### 11.0 Assets held for sale / disposal

(₹ in Lakh)

| Particulars                                    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Discarded fixed assets held for sale/ disposal | 27.25                   | 35.57                   |
| <b>Total</b>                                   | <b>27.25</b>            | <b>35.57</b>            |

### 12.1 Share capital

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 3,40,00,000 (March 31, 2020: 3,40,00,000) equity shares of ₹ 10 each  | 3,400.00                | 3,400.00                |
| 21,50,000 (March 31, 2020: 21,50,000) preference shares of ₹ 100 each | 2,150.00                | 2,150.00                |
| <b>Total</b>  | <b>5,550.00</b>         | <b>5,550.00</b>         |
| <b>Issued, subscribed and fully paid up</b>                           |                         |                         |
| 2,18,29,397 (March 31, 2020: 2,18,29,397) equity shares of ₹ 10 each  | 2,182.94                | 2,182.94                |
| <b>Total</b>  | <b>2,182.94</b>         | <b>2,182.94</b>         |

#### Notes:

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

| Particulars                        | As at<br>March 31, 2021<br>(Nos.) | As at<br>March 31, 2020<br>(Nos.) |
|------------------------------------|-----------------------------------|-----------------------------------|
| <b>Equity shares</b>               |                                   |                                   |
| As at the beginning of the year    | 21,829,397                        | 21,829,397                        |
| Add: Shares issued during the year | -                                 | -                                 |
| As at the end of the year          | <b>21,829,397</b>                 | <b>21,829,397</b>                 |

#### ii) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

| Name of the Shareholders                        | As at March 31, 2021 |           | As at March 31, 2020 |           |
|---|----------------------|-----------|----------------------|-----------|
|   | Nos.                 | % holding | Nos.                 | % holding |
| <b>Equity shares of ₹ 10 each fully paid up</b> |                      |           |                      |           |
| MCAP India Fund Limited                         | 22,56,619            | 10.34     | 29,75,877            | 13.63     |
| GPL Finance Limited                             | 22,13,811            | 10.14     | 22,13,711            | 10.14     |
| Shyam Sunder Sharma                             | 19,38,927            | 8.88      | 19,38,927            | 8.88      |
| SBI Mutual Fund                                 | 15,94,857            | 7.31      | 20,03,258            | 9.18      |
| DSP Equity Fund                                 | 13,26,100            | 6.07      | 13,26,100            | 6.07      |
| Rajesh Sharma                                   | 10,95,529            | 5.02      | 10,95,529            | 5.02      |

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

## 12.2 Other equity

(₹ in Lakh)

| Particulars                          | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------------------------------|-------------------------|-------------------------|
| Capital redemption reserve           | 450.00                  | 450.00                  |
| Capital reserve                      | 225.28                  | 225.28                  |
| Securities premium                   | 13,952.72               | 13,952.72               |
| General reserve                      | 264.13                  | 264.13                  |
| Retained earnings                    | 34,807.53               | 30,693.48               |
| <b>Total</b>                         | <b>49,699.66</b>        | <b>45,585.61</b>        |
| <b>a) Capital redemption reserve</b> |                         |                         |
| Opening balance                      | 450.00                  | 450.00                  |
| Adjustment during the year           | -                       | -                       |
| <b>Closing balance</b>               | <b>450.00</b>           | <b>450.00</b>           |
| <b>b) Capital reserve</b>            |                         |                         |
| Opening balance                      | 225.28                  | 225.28                  |
| Adjustment during the year           | -                       | -                       |
| <b>Closing balance</b>               | <b>225.28</b>           | <b>225.28</b>           |
| <b>c) Securities premium</b>         |                         |                         |
| Opening balance                      | 13,952.72               | 13,952.72               |
| Adjustment during the year           | -                       | -                       |
| <b>Closing balance</b>               | <b>13,952.72</b>        | <b>13,952.72</b>        |
| <b>d) General reserve</b>            |                         |                         |
| Opening balance                      | 264.13                  | 264.13                  |
| Adjustment during the year           | -                       | -                       |
| <b>Closing balance</b>               | <b>264.13</b>           | <b>264.13</b>           |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

| Particulars                                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>e) Retained earnings</b>                   |                         |                         |
| Opening balance                               | 30,693.48               | 24,819.84               |
| Adjustments during the year:                  |                         |                         |
| Net profit for the year                       | 4,518.64                | 6,388.17                |
| Other comprehensive income (net) for the year | 32.04                   | 11.80                   |
| Dividend paid                                 | (436.59)                | (436.59)                |
| Dividend distribution tax                     | -                       | (89.74)                 |
| Other   | (0.04)                  | -                       |
| <b>Closing balance</b>                        | <b>34,807.53</b>        | <b>30,693.48</b>        |
| <b>Total (a to e)</b>                         | <b>49,699.66</b>        | <b>45,585.61</b>        |

### Nature and purpose of reserves

#### Capital redemption reserve

Capital redemption reserve was created for redemption of preference share capital and it is a non-distributable reserve.

#### Capital reserve

Capital reserve represent capital subsidy received and amount received on forfeiture of shares of the Company. Capital reserve is utilized in accordance with the provisions of the Companies Act, 2013.

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

#### General reserve

General reserve is used to transfer profits from retained earnings for general purposes. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

### 13.0 Borrowings

(₹ in Lakh)

| Particulars  | Non-current             |                         | Current maturities      |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2021 | As at<br>March 31, 2020 | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| <b>Non-current borrowings</b>                                    |                         |                         |                         |                         |
| Term loans:  |                         |                         |                         |                         |
| - from banks (secured)   | 3,047.27                | 4,825.81                | 682.67                  | 824.19                  |
| - from State Government (secured)<br>(refer footnote (iv) below) | 164.90                  | 150.33                  | -                       | -                       |
| Foreign currency loan from bank<br>(secured)                     | -                       | -                       | 0.01                    | -                       |
| Loans from directors (unsecured)                                 | -                       | 120.00                  | -                       | -                       |
| Loans from directors' relatives<br>(unsecured)                   | -                       | 116.50                  | -                       | -                       |
|  | <b>3,212.17</b>         | <b>5,212.64</b>         | <b>682.68</b>           | <b>824.19</b>           |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in Lakh)

| Current borrowings                       | Current                 |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| <b>Working capital loans from banks</b>  |                         |                         |
| - Rupee loans (secured)                  | 8,247.20                | 2,630.69                |
| <b>Loans repayable on demand</b>         |                         |                         |
| - from directors (unsecured)             | 425.00                  | 478.00                  |
| - from directors' relatives (unsecured)  | 63.00                   | -                       |
| - from other related parties (unsecured) | 74.00                   | 30.00                   |
|  | <b>8,809.20</b>         | <b>3,138.69</b>         |

**Notes:**

- Refer note 13.1 for the details of effective interest rate, repayment terms and security details for the borrowings.
- The carrying amount of financial and non financial assets as security for secured borrowings is disclosed in note 27.0.
- Refer note 36.0 for liquidity risk.
- Loans discounted to their present value using the average interest rate on borrowings and the differential loan amount has been disclosed as government grant.

**v) Net debt reconciliation:**

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Current and non-current borrowings (including current maturities) | 12,704.05               | 9,175.52                |
| Less: Cash and cash equivalents                                   | (210.30)                | (110.25)                |
| Interest payable  | 35.01                   | 61.84                   |
| <b>Net debt</b>   | <b>12,528.76</b>        | <b>9,127.11</b>         |

(₹ in Lakh)

| Particulars                          | Current and non-current borrowings (including current maturities) | Cash and cash equivalents | Interest payable (net of interest subsidy receivable) | Total            |
|--------------------------------------|---|---------------------------|---|------------------|
| <b>Net debt as at April 1, 2019</b>  | <b>10,398.85</b>  | <b>(1,613.72)</b>         | <b>48.53</b>  | <b>8,833.66</b>  |
| Cash flows                           | (1,256.28)  | 1,503.47                  | -   | 247.19           |
| Other non-cash movements             |   |                           |   |                  |
| - foreign exchange adjustments       | 19.66   | -                         | -   | 19.66            |
| - fair value adjustments             | 13.29   | -                         | (13.29)   | -                |
| Interest expense                     | -   | -                         | 628.06  | 628.06           |
| Interest paid                        | -   | -                         | (601.46)  | (601.46)         |
| <b>Net debt as at March 31, 2020</b> | <b>9,175.52</b>   | <b>(110.25)</b>           | <b>61.84</b>  | <b>9,127.11</b>  |
| Cash flows                           | 3,490.38  | (100.05)                  | -   | 3,390.33         |
| Other non-cash movements             |   |                           |   |                  |
| - foreign exchange adjustments       | 23.58   | -                         | -   | 23.58            |
| - fair value adjustments             | 14.57   | -                         | (14.57)   | -                |
| Interest expense                     | -   | -                         | 718.86  | 718.86           |
| Interest paid                        | -   | -                         | (731.12)  | (731.12)         |
| <b>Net debt as at March 31, 2021</b> | <b>12,704.05</b>  | <b>(210.30)</b>           | <b>35.01</b>  | <b>12,528.76</b> |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 13.1 Nature of security and terms of repayment for non-current borrowings (including their current maturities):

| Nature of security  | Terms of repayment  |
|---|---|
| 1 Term loan from bank, balance outstanding amounting to ₹ 700.00 Lakh (March 31, 2020: ₹ 780.00 Lakh) is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the 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 29 quarterly installments starting from March, 2020 and last installment falling due in March 2027. Rate of interest 7.40% p.a. as at the year end (March 31, 2020: 8.30%).            |
| 2 Term loan from bank, balance outstanding amounting to ₹ 875.83 Lakh (March 31, 2020: Nil), is secured by way of exclusive charge on assets financed by loan. The loan is further secured by way of personal guarantees of the executive directors of the Company and others.  | Repayable in 12 quarterly installments starting from March, 2021 and last installment falling due during in December, 2023. Rate of interest 6.30% p.a. as at the year end. (March 31, 2020: N.A.). |
| 3 Term loan from bank, balance outstanding amounting to ₹ 2,154.11 Lakh (March 31, 2020: ₹ 2,418.29 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future) of the 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 27 quarterly installments starting from April 2020 and last installment falling due in October 2026. Rate of interest 8.10% p.a. as at the year end (March 31, 2020: 9.00% p.a.).      |
| 4 Term loan from bank (including foreign currency loan), balance outstanding amounting to ₹ 0.01 Lakh (March 31, 2020: ₹ 2,451.71 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the Company. The loan is further secured by way of extension of pari passu second charge on current assets of the Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of the executive directors of the Company and others. | Repayable during 2021-22. Rate of interest 9.00% at the time of repayment (March 31, 2020: 9.50% p.a.).   |
| 5 Loan from U.P. Government, balance outstanding amounting to ₹ 23.04 Lakh (March 31, 2020: ₹ 23.04 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in 2 installments during August 2023 and December 2023. The loan is interest free.  |
| 6 Loan from U.P. Government, balance outstanding amounting to ₹ 29.42 Lakh (March 31, 2020: ₹ 29.42 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in January 2025. The loan is interest free.   |
| 7 Loan from U.P. Government, balance outstanding amounting to ₹ 194.90 Lakh (March 31, 2020: ₹ 194.90 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in December 2025. The loan is interest free.  |
| 8 Unsecured loans from directors and their relatives amounting to ₹ Nil (March 31, 2020: ₹ 236.50 Lakh).  | Repayable during 2021-22 and hence classified under current borrowings. Rate of interest 7.00% p.a. as at the year end (March 31, 2020: 8.50% p.a.).  |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 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 ₹ 8,247.20 Lakh (March 31, 2020: ₹ 2630.69 Lakh) are secured by hypothecation of current assets of the Company (both present and future), ranking pari passu inter-se. These loans are further secured by way of extension of pari-passu second charge on property, plant and equipment of the Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of the executive directors of the Company and others. | Repayable on demand. Rate of interest is ranging from 6.00% to 9.00% p.a. over the tenure of the loans. (March 31, 2020: Rate of interest ranging from 9.10% to 9.75% p.a.) |
| 2 | Unsecured loans from directors, their relatives and other related parties amounting to ₹ 562.00 Lakh (March 31, 2020: ₹ 508.00 Lakh).   | Repayable on demand. Rate of interest 7.00% p.a. as at the year end (March 31, 2020: 8.50% p.a.).   |

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

### 14.0 Government grants

(₹ in Lakh)

| Particulars                                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>At the beginning of the year</b>          | 483.87                  | 504.87                  |
| Received during the year*                    | 13.70                   | 21.99                   |
| Released to the statement of profit and loss | (52.79)                 | (42.99)                 |
| <b>At the end of the year</b>                | <b>444.78</b>           | <b>483.87</b>           |
|  | <b>Total</b>            |                         |

**14.1** Current

44.57

44.27

**14.2** Non-current

400.21

439.60

\*There are no unfulfilled commitments as at the balance sheet date related to Government grant received under the EPCG Scheme.

### 15.1 Trade payables

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Trade payables   |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      | 61.79                   | 43.52                   |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,459.64                | 3,368.74                |
|  | <b>Total</b>            |                         |
|  | <b>3,521.43</b>         | <b>3,412.26</b>         |

Refer note 36.0 for information about liquidity risk and market risk of trade payables.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Note:

#### Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| a) The principal amount remaining unpaid to any supplier at the end of the year  | 61.79                   | 43.52                   |
| b) Interest due remaining unpaid to any supplier at the end of the year  | -                       | -                       |
| c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year  | -                       | -                       |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006  | -                       | -                       |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year  | -                       | -                       |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | -                       | -                       |

Disclosure of payable to vendors as defined under the MSMED Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company.

### 15.2 Other current financial liabilities

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Current maturities of long-term borrowings         | 682.68                  | 824.19                  |
| Creditors for capital expenditure                  | 26.60                   | 10.75                   |
| Interest accrued                                   | 35.01                   | 61.84                   |
| Unclaimed dividends*                               | 64.32                   | 65.77                   |
| Mark to market of derivative financial instruments | 150.65                  | 125.88                  |
| Other payables                                     | 2,394.35                | 2,600.19                |
| <b>Total</b>                                       | <b>3,353.61</b>         | <b>3,688.62</b>         |

\* During the year, the Company has transferred ₹ 10.48 Lakh (March 31, 2020: ₹ 10.69 Lakh) to Investor Education and Protection Fund towards unclaimed dividend and there are no overdue amounts as at the balance sheet date.

### 16.0 Other current liabilities

(₹ in Lakh)

| Particulars             | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------|-------------------------|-------------------------|
| Advance from customers  | 67.32                   | 124.68                  |
| Statutory dues payables | 776.19                  | 172.85                  |
| <b>Total</b>            | <b>843.51</b>           | <b>297.53</b>           |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 17.0 Provisions

(₹ in Lakh)

| Particulars                | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------|-------------------------|-------------------------|
| <b>Employee benefits</b>   |                         |                         |
| <b>17.1 Non-current</b>    |                         |                         |
| Leave obligations          | 76.65                   | 124.40                  |
| Gratuity (refer note 29.1) | 532.56                  | 594.89                  |
| <b>Total</b>               | <b>609.21</b>           | <b>719.29</b>           |
| <b>17.2 Current</b>        |                         |                         |
| Leave obligations          | 52.18                   | 43.89                   |
| Gratuity (refer note 29.1) | 216.16                  | 99.57                   |
| <b>Total</b>               | <b>268.34</b>           | <b>143.46</b>           |

### 18.1 Deferred tax liabilities (net)

(₹ in Lakh)

| Particulars              | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------------------|-------------------------|-------------------------|
| Deferred tax assets      | (315.99)                | (315.94)                |
| Deferred tax liabilities | 2,229.07                | 2,028.45                |
| <b>Total</b>             | <b>1,913.08</b>         | <b>1,712.51</b>         |

### 18.1a Movement of deferred tax liabilities (net)

(₹ in Lakh)

| Particulars                                       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liabilities (net)</b>             |                         |                         |
| As at the beginning of the year                   | 1,712.51                | 2,123.00                |
| Charge/ (credit) to statement of profit and loss* | 200.57                  | (410.49)                |
| <b>Total</b>                                      | <b>1,913.08</b>         | <b>1,712.51</b>         |

\*Deferred tax on remeasurement of defined benefit obligation of ₹ 10.78 Lakh has been charged to other comprehensive income (March 31, 2020: ₹ 3.97 Lakh).

### 18.1b Components of deferred tax (assets)/ liabilities

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liability</b>                         |                         |                         |
| Property, plant and equipment                         | 2,079.51                | 2,016.34                |
| Others  | 149.56                  | 12.11                   |
| <b>Sub-total</b>                                      | <b>2,229.07</b>         | <b>2,028.45</b>         |
| <b>Deferred tax asset</b>                             |                         |                         |
| Expenses allowed in the year of payment               | (264.83)                | (261.57)                |
| Provision for doubtful trade receivables and advances | (51.16)                 | (54.37)                 |
| <b>Sub-total</b>                                      | <b>(315.99)</b>         | <b>(315.94)</b>         |
| <b>Total</b>  | <b>1,913.08</b>         | <b>1,712.51</b>         |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 19.0 Revenue from operations

(₹ in Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Sale of products</b>                                     |                                      |                                      |
| Finished goods (including process waste)                    | 72,212.99                            | 86,558.56                            |
| Stock-in-trade  | 2,012.59                             | 1,777.51                             |
| <b>Sub-total</b>  | <b>74,225.58</b>                     | <b>88,336.07</b>                     |
| <b>Other operating revenues</b>                             |                                      |                                      |
| Sale of waste and scrap                                     | 260.47                               | 200.66                               |
| Job work receipts   | 7.34                                 | 3.48                                 |
| Insurance claims received                                   | 38.29                                | 24.62                                |
| Export incentive  | 184.87                               | 126.44                               |
| Allowance for doubtful trade receivables written back (net) | 23.06                                | 110.37                               |
| Income from recycling certification                         | 297.82                               | 78.75                                |
| Liabilities no longer required written back                 | 73.63                                | 1.11                                 |
| Others  | 2.50                                 | 1.89                                 |
| <b>Sub-total</b>  | <b>887.98</b>                        | <b>547.32</b>                        |
| <b>Total</b>  | <b>75,113.56</b>                     | <b>88,883.39</b>                     |

The Company offers, performance based discounts and other discounts as per the prevailing trade practices at the time of sale. A sale invoice is the de facto contract agreement with the Customers. Any credit notes for discounts issued thereafter are reduced from gross sales and net sales is shown in the statement of profit and loss. Details of the revenue from contracts with customers as it appears in the invoices raised on them and credit notes issued thereafter are as under:

| Particulars                              | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| a. Revenue from contracts with Customers | 74,332.28                            | 88,539.45                            |
| Less:                                    |                                      |                                      |
| b. Performance and price discounts       | 43.12                                | 102.83                               |
| c. Other discounts                       | 63.58                                | 100.55                               |
| <b>Revenue from sale of products</b>     | <b>Total</b>                         |                                      |
|  | <b>74,225.58</b>                     | <b>88,336.07</b>                     |

### 20.0 Other income

(₹ in Lakh)

| Particulars                          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Interest income                      | 261.49                               | 384.64                               |
| Government grants*                   | 52.79                                | 92.99                                |
| Profit on sale of investments        | 161.80                               | 208.51                               |
| Fair value gain on financial assets  | 510.71                               | 48.13                                |
| Fair value gain on preference shares | 70.64                                | -                                    |
| Dividend on preference shares        | 12.90                                | -                                    |
| Miscellaneous income                 | 6.88                                 | 15.34                                |
| <b>Total</b>                         | <b>1,077.21</b>                      | <b>749.61</b>                        |

\*Government grants for the year ended March 31, 2021 includes ₹ Nil (March 31, 2020: 50.00 Lakh) received by the Company from Handloom & Textile Industry Department, Uttar Pradesh against the interest expense incurred on term loans taken from banks and further includes ₹ 52.79 Lakh (March 31, 2020: ₹ 42.99 Lakh) against reversal of deferred Government grant.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 21.0 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakh)

| Particulars                                      | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Inventories at the end of the year*</b>       |                                      |                                      |
| Finished goods                                   | 5,929.78                             | 6,000.31                             |
| Stock-in-trade                                   | 310.25                               | 100.32                               |
| Work-in-progress                                 | 791.24                               | 571.27                               |
| <b>Sub-total</b>                                 | <b>7,031.27</b>                      | <b>6,671.90</b>                      |
| <b>Inventories at the beginning of the year*</b> |                                      |                                      |
| Finished goods                                   | 6,000.31                             | 3,313.83                             |
| Stock-in-trade                                   | 100.32                               | 207.80                               |
| Work-in-progress                                 | 571.27                               | 575.00                               |
| <b>Sub-total</b>                                 | <b>6,671.90</b>                      | <b>4,096.63</b>                      |
| <b>Total</b>                                     | <b>(359.37)</b>                      | <b>(2,575.27)</b>                    |

\*including goods-in-transit.

### 22.0 Employee benefits expenses

(₹ in Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages  | 4,361.97                             | 5,503.31                             |
| Contribution to provident and other funds (refer note 29.2) | 209.53                               | 248.74                               |
| Gratuity expense (refer note 29.1)                          | 137.48                               | 150.82                               |
| Staff welfare expenses                                      | 91.97                                | 98.93                                |
| <b>Total</b>  | <b>4,800.95</b>                      | <b>6,001.80</b>                      |

### 23.0 Other expenses

(₹ in Lakh)

| Particulars                       | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| <b>Manufacturing expenses:</b>    |                                      |                                      |
| Consumption of stores and spares  | 2,010.48                             | 2,434.21                             |
| Power and fuel                    | 6,860.62                             | 8,396.63                             |
| Processing charges                | 445.78                               | 942.28                               |
| Repairs and maintenance           |                                      |                                      |
| - Plant and machinery             | 325.29                               | 389.27                               |
| - Buildings                       | 65.15                                | 203.98                               |
| <b>Sub-total</b>                  | <b>9,707.32</b>                      | <b>12,366.37</b>                     |
| <b>Administrative expenses</b>    |                                      |                                      |
| Rent (refer note 31.0)            | 114.02                               | 100.54                               |
| Rates and taxes                   | 59.44                                | 10.32                                |
| Insurance                         | 136.74                               | 124.05                               |
| Repairs and maintenance - others  | 79.13                                | 108.30                               |
| CSR expenditure (refer note 32.0) | 162.80                               | 124.42                               |
| Travelling and conveyance         | 107.73                               | 200.12                               |
| Communication costs               | 37.19                                | 49.87                                |
| Printing and stationery           | 34.59                                | 41.12                                |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Legal and professional fee                                   | 43.41                                | 58.48                                |
| Cost auditors' remuneration                                  | 1.00                                 | 1.00                                 |
| Directors' sitting fee                                       | 2.50                                 | 2.45                                 |
| Payment to auditor (refer details below)                     | 12.90                                | 12.81                                |
| Bad debts/ advances written off                              | 42.51                                | 66.71                                |
| Allowances for doubtful trade receivables and advances       | 10.31                                | -                                    |
| Loss on sale/ discard of property, plant and equipment (net) | 18.53                                | 53.02                                |
| Miscellaneous expenses                                       | 111.83                               | 133.15                               |
| Vehicle running and maintenance                              | 63.12                                | 80.83                                |
| Commission to non-executive directors                        | 56.89                                | 44.24                                |
| Security service charges                                     | 140.10                               | 149.27                               |
| Loss on foreign currency fluctuations and translations (net) | 15.60                                | 23.92                                |
| <b>Sub-total</b>   | <b>1,250.34</b>                      | <b>1,384.62</b>                      |
| <b>Selling expenses</b>                                      |                                      |                                      |
| Freight and forwarding charges                               | 2,980.96                             | 2,853.29                             |
| Other selling and distribution expenses                      | 349.72                               | 546.06                               |
| <b>Sub-total</b>   | <b>3,330.68</b>                      | <b>3,399.35</b>                      |
| <b>Total</b>   | <b>14,288.34</b>                     | <b>17,150.34</b>                     |
| <b>Break up of payment to auditor:</b>                       |                                      |                                      |
| <b>As auditor:</b>   |                                      |                                      |
| - Audit fee  | 8.50                                 | 8.50                                 |
| - Tax audit fee  | 1.00                                 | 1.00                                 |
| - Limited review fee   | 3.00                                 | 3.00                                 |
| <b>In other capacity</b>                                     |                                      |                                      |
| - Other services (certification fee)                         | 0.10                                 | 0.10                                 |
| - Reimbursement of expenses                                  | 0.30                                 | 0.21                                 |
| <b>Total</b>   | <b>12.90</b>                         | <b>12.81</b>                         |

### 24.0 Depreciation and amortization expense

(₹ in Lakh)

| Particulars                                   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on property, plant and equipment | 2,663.39                             | 2,756.78                             |
| Amortization of intangible assets             | 51.18                                | 46.96                                |
| Amortization of ROU assets                    | 1.61                                 | 1.62                                 |
| <b>Total</b>                                  | <b>2,716.18</b>                      | <b>2,805.36</b>                      |

### 25.0 Finance costs

(₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Interest   | 718.86                               | 628.06                               |
| Exchange differences regarded as an adjustment to borrowing cost | 56.38                                | 39.36                                |
| Other borrowing costs (including bank charges)                   | 95.59                                | 109.93                               |
| <b>Total</b>   | <b>870.83</b>                        | <b>777.35</b>                        |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 26.0 Tax expense

26.1 The major components of income-tax expense are as under:

(₹ in Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>A) Profit and loss section</b>                                       |                                      |                                      |
| <b>Current tax</b>  |                                      |                                      |
| In respect of current year  | 1,256.96                             | 1,957.14                             |
| In respect of earlier years   | (3.70)                               | -                                    |
| <b>Sub-total</b>  | <b>1,253.26</b>                      | <b>1,957.14</b>                      |
| <b>Deferred tax</b>   |                                      |                                      |
| Relating to origination and reversal of temporary differences           | 189.79                               | (414.46)                             |
| <b>Sub-total</b>  | <b>189.79</b>                        | <b>(414.46)</b>                      |
| <b>MAT credit reversed*</b>   |                                      |                                      |
|   | -                                    | 416.59                               |
| <b>Sub-total</b>  | <b>-</b>                             | <b>416.59</b>                        |
| <b>Income tax expense reported in the statement of profit and loss</b>  | <b>Total</b>                         |                                      |
|   | <b>1,443.05</b>                      | <b>1,959.27</b>                      |
| <b>B) Other comprehensive income ('OCI') section</b>                    |                                      |                                      |
| <b>Deferred tax related to items recognized in OCI during the year:</b> |                                      |                                      |
| Re-measurement loss on defined benefit obligation                       | (10.78)                              | (3.97)                               |
| <b>Income-tax charged to OCI</b>  | <b>Total</b>                         |                                      |
|   | <b>(10.78)</b>                       | <b>(3.97)</b>                        |

\* In the previous year, the Company has elected to exercise the option for reduced tax rate as permitted under Section 115BAA of the Income Tax Act, 1961. Accordingly, the Company has recognised provision for income tax and made reversal of MAT credit for the year ended March 31, 2020 and re-measured its net deferred tax liabilities basis the rate prescribed in the said section.

26.2 Reconciliation of tax expense and the accounting profit multiplied by applying the statutory income-tax rate to the profit before tax is as under:

(₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Accounting profit before income-tax  | 5,961.69                             | 8,347.44                             |
| Enacted income-tax rate applicable to the Company                              | 25.168%                              | 25.168%                              |
| <b>Current tax expense on profit before tax at the enacted income-tax rate</b> | <b>1,500.44</b>                      | <b>2,100.88</b>                      |
| Adjustments in respect of current income-tax of earlier years                  | (3.70)                               | -                                    |
| Permanent disallowances  | 41.56                                | 35.46                                |
| Remeasurement of net deferred tax liabilities                                  | (93.33)                              | (177.34)                             |
| Others   | (1.92)                               | 0.27                                 |
| <b>Total income-tax expense</b>  | <b>1,443.05</b>                      | <b>1,959.27</b>                      |

Consequent to reconciliation items shown above the effective tax rate is 24.205% (March 31, 2020 : 23.472%)

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 27.0 Assets pledged as security

The carrying amount of assets pledged as security for current and non-current borrowings are:

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>First charge</b>                                 |                         |                         |
| <b>Non-current assets</b>                           |                         |                         |
| Property, plant and equipment                       | 28,255.22               | 28,785.69               |
| Capital work-in-progress                            | 1,070.61                | 212.61                  |
| Right of use assets                                 | 123.36                  | 124.97                  |
| Non-current financial assets                        | 7,275.39                | 2,064.80                |
| Other non-current assets                            | 673.56                  | 605.48                  |
| <b>Total non-current assets pledged as security</b> | <b>37,398.14</b>        | <b>31,793.55</b>        |
| <b>Second charge</b>                                |                         |                         |
| <b>Current assets</b>                               |                         |                         |
| <b>Financial assets</b>                             |                         |                         |
| Investments   | 7,213.14                | 8,322.48                |
| Trade receivables                                   | 10,555.13               | 9,736.70                |
| Cash and cash equivalents                           | 210.30                  | 110.25                  |
| Bank balances                                       | 109.60                  | 293.49                  |
| Others  | 81.10                   | 120.06                  |
| <b>Non financial assets</b>                         |                         |                         |
| Inventories   | 17,251.95               | 14,480.94               |
| Current tax assets                                  | 510.65                  | 414.34                  |
| Others  | 1,327.65                | 1,054.19                |
| <b>Total current assets pledged as security</b>     | <b>37,259.52</b>        | <b>34,532.45</b>        |
| <b>Total assets pledged as security</b>             | <b>74,657.66</b>        | <b>66,326.00</b>        |

### 28.0 Earnings per share

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Earnings per share has been computed as under:</b>           |                                      |                                      |
| Profit for the year (₹ in Lakh)                                 | 4,518.64                             | 6,388.17                             |
| Weighted average number of equity shares outstanding (Numbers)  | 21,829,397                           | 21,829,397                           |
| Earnings per share (₹) - Basic (face value of ₹ 10 per share)   | 20.70                                | 29.26                                |
| Earnings per share (₹) - Diluted (face value of ₹ 10 per share) | 20.70                                | 29.26                                |

### 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

**Movement in the present value of the defined benefit obligation for gratuity are as follows:** (₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Opening defined benefit obligation</b>                                  | <b>694.46</b>                        | <b>588.84</b>                        |
| Liability transferred to subsidiary company                                | (1.60)                               | -                                    |
| Current service cost   | 92.34                                | 106.66                               |
| Interest expense   | 45.14                                | 44.16                                |
| Benefits paid  | (38.80)                              | (29.43)                              |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (64.59)                              | (0.01)                               |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 22.38                                | 34.80                                |
| Actuarial (gains) / losses arising from experience adjustments             | (0.61)                               | (50.56)                              |
| <b>Closing defined benefit obligation</b>                                  | <b>748.72</b>                        | <b>694.46</b>                        |

**Net liability recognized in balance sheet:** (₹ in Lakh)

| Particulars                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligation      | 748.72                  | 694.46                  |
| Fair value of plan assets                        | -                       | -                       |
| Funded status (deficit)                          | (748.72)                | (694.46)                |
| <b>Net liability recognized in balance sheet</b> | <b>748.72</b>           | <b>694.46</b>           |
| <b>Break-up of defined benefit obligation</b>    |                         |                         |
| Current liability                                | 216.16                  | 99.57                   |
| Non-current liability                            | 532.56                  | 594.89                  |
| <b>Total</b>                                     | <b>748.72</b>           | <b>694.46</b>           |

**Net defined benefit expense recognized in employee benefit expenses in the statement of profit and loss:** (₹ in Lakh)

| Particulars          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|----------------------|--------------------------------------|--------------------------------------|
| Current service cost | 92.34                                | 106.66                               |
| Net interest cost    | 45.14                                | 44.16                                |
| <b>Total</b>         | <b>137.48</b>                        | <b>150.82</b>                        |

**Remeasurement (gain) / loss recognized in other comprehensive income:** (₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gains) / losses arising from changes in demographic assumptions | (64.59)                              | (0.01)                               |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 22.38                                | 34.80                                |
| Actuarial (gains) / losses arising from experience adjustments             | (0.61)                               | (50.56)                              |
| <b>Total</b>   | <b>(42.82)</b>                       | <b>(15.77)</b>                       |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

The principal assumptions used in determining gratuity as shown below:

| Particulars                      | As at<br>March 31, 2021   | As at<br>March 31, 2020   |
|----------------------------------|---|---|
| Discount rate                    | 5.10%   | 6.50%   |
| Salary escalation rate           | 7.00%   | 7.00%   |
| Withdrawal rate (upto 58 years)  | 30.00%  | 15.00%  |
| Withdrawal rate (above 58 years) | 10.00%  | 15.00%  |
| Mortality                        | Published rates under the Indian Assured Lives Mortality (2012-14) Ultimate table | Published rates under the Indian Assured Lives Mortality (2012-14) Ultimate table |

### Sensitivity analysis

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

(₹ in Lakh)

| Particulars            | Year           | Change in assumption | Change due to increase in assumption | Change due to decrease in assumption |
|------------------------|----------------|----------------------|--------------------------------------|--------------------------------------|
| Discount rate          | March 31, 2021 | 1.00%                | (14.98)                              | 15.72                                |
|                        | March 31, 2020 | 1.00%                | (34.80)                              | 38.56                                |
| Salary escalation rate | March 31, 2021 | 1.00%                | 15.21                                | (14.85)                              |
|                        | March 31, 2020 | 1.00%                | 36.95                                | (34.21)                              |
| Mortality rate         | March 31, 2021 | 1.00%                | negligible                           | negligible                           |
|                        | March 31, 2020 | 1.00%                |                                      |                                      |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. There is no change in the method of valuation for the prior periods.

Maturity profile of demand of defined benefit obligation is as under:

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------|-------------------------|-------------------------|
| Within 1 year | 216.16                  | 99.57                   |
| 1 - 2 Year    | 145.99                  | 88.09                   |
| 2 - 3 Year    | 110.02                  | 80.00                   |
| 3 - 4 Year    | 83.79                   | 67.35                   |
| 4 - 5 Year    | 63.93                   | 59.30                   |
| Above 5 years | 128.83                  | 300.15                  |
| <b>Total</b>  | <b>748.72</b>           | <b>694.46</b>           |

Fair value and changes in fair value of plan assets during the year ended March 31, 2021:

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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 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 ₹ 209.53 Lakh (March 31, 2020: ₹ 248.74 Lakh).

### 29.3 Leave obligation

The Company provides for leave obligations based on actuarial valuation carried at the year end using the projected unit credit method.

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

#### 30.1 Commitments:

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| A) Estimated amount of contracts remaining to be executed on capital account (net of advances)                                    | 1,153.77                | 763.82                  |
| B) Corporate guarantee given to bank for letter of credit opened in favour of Ganesha Ecopet Private Limited (Subsidiary company) | 5,000.00                | -                       |
| <b>Total</b>  | <b>6,153.77</b>         | <b>763.82</b>           |

#### 30.2 Contingent liabilities:

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| a) Matters with tax authorities  |                         |                         |
| - Income-tax matters   | 35.92                   | 42.04                   |
| - Entry tax matters  | -                       | 36.69                   |
| - VAT matters  | 7.65                    | 7.65                    |
| b) Demand as environmental compensation has been raised by Uttarakhand Pollution Control Board ('UPCB') on its Rudrapur Unit in pursuance of a general order of Hon'ble National Green Tribunal ('NGT') dated November 14, 2019 ('Order'). The operation of the said Order has been stayed by the Hon'ble Supreme Court vide its order dated March 18, 2020. The management believes that this demand has erroneously been raised on the Company by UP CB and not sustainable. | 100.00                  | 100.00                  |
| c) Bills discounted under letters of credit and outstanding  | 97.40                   | 17.56                   |
| d) Claims against the Company not acknowledged as debt (interest thereon not ascertainable at present)   | 43.90                   | 36.88                   |
| <b>Total</b>   | <b>284.87</b>           | <b>240.82</b>           |

### 31.0 Leases

The Company's lease assets primarily consist of leases for land taken for factory premises, office premises, guest houses and warehouses having different lease terms. Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and no adjustments were made in the previous year numbers.

On transition, the adoption of the new standard resulted in recognition of right of use asset of ₹ 126.59 Lakh in respect of the land lease for factory premises by reclassifying the amounts lying in non-current and current portion of prepaid expenses. The Company does not have any lease liability since the entire amount of lease premium for the aforesaid land lease was paid

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

in advance and there is no future lease liability. There has been no effect of applying the standard on retained earnings as at April 1, 2019, on the profit before tax, profit for the period, earnings per share, cash flow from operating activities and cash flow from financing activities.

The following is the summary of practical expedients elected on initial application:

- a) The Company has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.
- b) The Company has applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead, it has applied Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17.

For details pertaining to the carrying value of right of use asset and amortization charged thereon during the year, refer note 3.3 of the financial statements.

The Company does not have any lease liability and thus there are no liquidity risks.

Rental expense recorded for short-term leases and low value asset leases is ₹ 114.02 Lakh for the year ended March 31, 2021 (March 31, 2020: ₹ 100.54 Lakh).

### 32.0 Details of corporate social responsibility (CSR) expenditure

(₹ in Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Amount required to be spent as per Section 135 of the Companies Act, 2013 | 160.00                               | 137.20                               |
| Amount spent during the year on:  |                                      |                                      |
| i. Construction/ acquisition of an asset                                  | -                                    | -                                    |
| ii. On purpose other than (i) above*                                      | 162.80                               | 124.42                               |
| <b>Total</b>  | <b>162.80</b>                        | <b>124.42</b>                        |

\* includes contribution to Ganesh Memorial Trust (related party) of ₹ Nil (March 31, 2020: ₹ 93.65 Lakh).

### 33.0 Segment information

#### 33.1 Primary segment (by business segment):

Ind AS 108 establishes standards for the way that the Company report information about operating segments and related disclosures about products and services, geographic areas and major customers. The Company's operations comprises of only one segment i.e. sale of polyester staple fibre and polyester yarn which are mainly having similar risks and returns. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment (synthetic textile). In view of the same, separate primary segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments".

#### 33.2 Secondary segment (by geographical demarcation):

Considering the nature of the business in which the Company operates, the Company deals with various customers in multiple geographies. The details of segment revenue based on geographical demarcation is as under:

(₹ in Lakh)

| Particulars                   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Revenue from sale of products |                                      |                                      |
| - India                       | 68,172.43                            | 82,440.12                            |
| - Outside India               | 6,053.15                             | 5,895.95                             |
| <b>Total</b>                  | <b>74,225.58</b>                     | <b>88,336.07</b>                     |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 34.0 Related party disclosures

#### Name of related parties and nature of relationship:

#### 34.1 Subsidiaries

|                                 |   |
|---------------------------------|---|
| Ganesha Ecopet Private Limited  | Wholly owned subsidiary, incorporated in India (w.e.f. November 19, 2019) |
| Ganesha Ecotech Private Limited | Wholly owned subsidiary, incorporated in India (w.e.f. November 17, 2020) |

#### 34.2 A. Key management personnel

|                             |  |
|-----------------------------|--|
| Shri Shyam Sunder Sharmma   | Non-Executive Chairman                             |
| Shri Vishnu Dutt Khandelwal | Executive Vice Chairman                            |
| Shri Sharad Sharma          | Managing Director                                  |
| Shri Rajesh Sharma          | Joint Managing Director                            |
| Shri Gopal Singh Shekhawat  | Director (Administration) (till December 24, 2020) |
| Shri Surendra Kumar Kabra   | Independent Director                               |
| Shri Pradeep Kumar Goenka   | Independent Director                               |
| Shri Vishwa Nath Chandak    | Independent Director                               |
| Shri Anoop Gupta            | Independent Director (till September 22, 2020)     |
| Shri Abhilash Lal           | Independent Director                               |
| Smt. Seema Sharma           | Non-Executive Director (till September 22, 2020)   |
| Smt. Shobha Chaturvedi      | Independent Director                               |
| Shri Gopal Agarwal          | Chief Financial Officer                            |
| Shri Bharat Kumar Sajnani   | Company Secretary & Compliance Officer             |

#### B. Relatives of key management personnel

|   |                                      |
|---|--------------------------------------|
| Smt. Vimal Sharma                         | Wife of Shri Shyam Sunder Sharmma    |
| Smt. Nirmal Khandelwal                    | Wife of Shri Vishnu Dutt Khandelwal  |
| Shri Sandeep Khandelwal                   | Son of Shri Vishnu Dutt Khandelwal   |
| Shri Yash Sharma                          | Son of Shri Sharad Sharma            |
| Shri Ashwani Sharma (till April 03, 2020) | Son of Shri Rajesh Sharma            |
| Shyam Sunder Sharmma HUF                  | Shri Shyam Sunder Sharmma is Karta   |
| Vishnu Dutt Khandelwal HUF                | Shri Vishnu Dutt Khandelwal is Karta |
| Sharad Sharma HUF                         | Shri Sharad Sharma is Karta          |
| Rajesh Sharma HUF                         | Shri Rajesh Sharma is Karta          |

#### C. Entities controlled by key management personnel or their relatives

Sandeep Yarns Private Limited  
GPL Finance Limited

#### D. Entities over which key management personnel are able to exercise significant influence

Ganesh Memorial Trust

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 34.3 Summary of transactions during the year

(₹ in Lakh)

| Particulars   | Year ended     | Subsidiaries | Key management personnel | Relatives of key management personnel | Entities controlled by key management personnel or their relatives | Entities over which key management personnel are able to exercise significant influence |
|---|----------------|--------------|--------------------------|---------------------------------------|--|---|
| Investment in share capital                               | March 31, 2021 | 4,500.00     | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 1,000.00     | -                        | -                                     | -  | -   |
| Unsecured loan given                                      | March 31, 2021 | 1,518.00     | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 990.00       | -                        | -                                     | -  | -   |
| Unsecured loan repaid                                     | March 31, 2021 | 1,150.00     | -                        | -                                     | -  | -   |
|   | March 31, 2020 | -            | -                        | -                                     | -  | -   |
| Interest income   | March 31, 2021 | 50.66        | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 9.49         | -                        | -                                     | -  | -   |
| Accrued dividend and fair value gain on preference shares | March 31, 2021 | 83.54        | -                        | -                                     | -  | -   |
|   | March 31, 2020 | -            | -                        | -                                     | -  | -   |
| Expenses incurred on reimbursable basis                   | March 31, 2021 | 23.64        | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 210.53       | -                        | -                                     | -  | -   |
| Corporate guarantee given to bank (refer note 39.0)       | March 31, 2021 | 5000.00      | -                        | -                                     | -  | -   |
|   | March 31, 2020 | -            | -                        | -                                     | -  | -   |
| Managerial remuneration                                   | March 31, 2021 | -            | 297.02                   | -                                     | -  | -   |
|   | March 31, 2020 | -            | 818.51                   | -                                     | -  | -   |
| Commission and sitting fee                                | March 31, 2021 | -            | 59.39                    | -                                     | -  | -   |
|   | March 31, 2020 | -            | 46.69                    | -                                     | -  | -   |
| Salary and allowances                                     | March 31, 2021 | -            | 30.95                    | 17.51                                 | -  | -   |
|   | March 31, 2020 | -            | 37.38                    | 28.42                                 | -  | -   |
| Interest paid   | March 31, 2021 | -            | 34.54                    | 5.88                                  | 3.72   | -   |
|   | March 31, 2020 | -            | 46.54                    | 11.65                                 | 13.48  | -   |
| Unsecured loan accepted                                   | March 31, 2021 | -            | 274.00                   | -                                     | 52.00  | -   |
|   | March 31, 2020 | -            | 151.00                   | -                                     | 165.00   | -   |
| Unsecured loan repaid                                     | March 31, 2021 | -            | 327.00                   | 173.50                                | 8.00   | -   |
|   | March 31, 2020 | -            | -                        | 15.00                                 | 218.00   | -   |
| Contribution to trust for CSR expenditure                 | March 31, 2021 | -            | -                        | -                                     | -  | -   |
|   | March 31, 2020 | -            | -                        | -                                     | -  | 93.65   |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

| Particulars                                     | Year ended     | Subsidiaries | 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 |
|---|----------------|--------------|--------------------------|---------------------------------------|--|---|
| <b>Amount outstanding at balance sheet date</b> |                |              |                          |                                       |  |   |
| Unsecured loan payable                          | March 31, 2021 | -            | 425.00                   | 63.00                                 | 74.00  | -   |
|   | March 31, 2020 | -            | 598.00                   | 116.50                                | 30.00  | -   |
| Unsecured loan receivable                       | March 31, 2021 | 1,358.00     | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 990.00       | -                        | -                                     | -  | -   |
| Amounts payable                                 | March 31, 2021 | -            | 294.27                   | 4.34                                  | 1.28   | -   |
|   | March 31, 2020 | -            | 793.63                   | 2.58                                  | 0.73   | -   |
| Amounts receivable                              | March 31, 2021 | 86.87        | -                        | -                                     | -  | -   |
|   | March 31, 2020 | 8.57         | -                        | -                                     | -  | -   |

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

### 35.0 Financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### The following methods and assumptions were used to estimate the fair values

- The fair values of derivatives such as forward/ derivative contracts are on mark to market basis as per bank.
- 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.
- Loans, investments and other non-current financial assets are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for expected losses of these receivables. The fair value of loans, investments and other non-current financial assets has been considered as equal to their carrying amount. These fair values are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
- Fair values of cash and cash equivalents, trade receivables, bank balances, current investments, current loans, other current financial assets, trade payables, current borrowings and other financial liabilities are considered to be the same as their carrying amount due to short-term maturities of these instruments.

#### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Financial assets

(₹ in Lakh)

| Particulars   | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2021 |                  | As at March 31, 2020 |                  |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
|   |                                   |                      | Carrying amount      | Fair value       | Carrying amount      | Fair value       |
| <b>1. Financial assets designated at fair value through profit and loss (FVTPL)</b>             |                                   |                      |                      |                  |                      |                  |
| Current investments   | D                                 | Level 2              | 7,213.14             | 7,213.14         | 8,322.48             | 8,322.48         |
| Investment in subsidiary (non-current)  | C                                 | Level 3              | 3,070.64             | 3,070.64         | -                    | -                |
| <b>2. Financial assets designated at fair value through other comprehensive income (FVTOCI)</b> |                                   |                      | -                    | -                | -                    | -                |
| <b>3. Financial assets designated at amortized cost</b>   |                                   |                      |                      |                  |                      |                  |
| a) Trade receivables  | D                                 | Level 3              | 10,555.13            | 10,555.13        | 9,736.70             | 9,736.70         |
| b) Cash and cash equivalents  | D                                 | Level 3              | 210.30               | 210.30           | 110.25               | 110.25           |
| c) Other bank balances  | D                                 | Level 3              | 173.92               | 173.92           | 359.26               | 359.26           |
| d) Loans  | C, D                              | Level 3              | 1,384.77             | 1,384.77         | 993.62               | 993.62           |
| e) Investment in subsidiaries   | C                                 | Level 3              | 2,500.00             | 2,500.00         | 1,000.00             | 1,000.00         |
| f) Other financial assets   | C, D                              | Level 3              | 401.08               | 401.08           | 191.24               | 191.24           |
| <b>Total</b>  |                                   |                      | <b>25,508.98</b>     | <b>25,508.98</b> | <b>20,713.55</b>     | <b>20,713.55</b> |

### Financial liabilities

(₹ in Lakh)

| Particulars   | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2021 |                  | As at March 31, 2020 |                  |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
|   |                                   |                      | Carrying amount      | Fair value       | Carrying amount      | Fair value       |
| <b>1. Financial liabilities designated at fair value through profit and loss</b>            |                                   |                      |                      |                  |                      |                  |
| Mark to market of derivative financial instruments  | A                                 | Level 2              | 150.65               | 150.65           | 125.88               | 125.88           |
| <b>2. Financial liabilities designated at fair value through other comprehensive income</b> |                                   |                      | -                    | -                | -                    | -                |
| <b>3. Financial liabilities designated at amortized cost</b>                                |                                   |                      |                      |                  |                      |                  |
| a) Borrowings   | B, D                              | Level 3              | 12,021.37            | 12,021.37        | 8,351.33             | 8,351.33         |
| b) Trade payables   | D                                 | Level 3              | 3,521.43             | 3,521.43         | 3,412.26             | 3,412.26         |
| c) Other financial liabilities  | D                                 | Level 3              | 3,202.96             | 3,202.96         | 3,562.74             | 3,562.74         |
| <b>Total</b>  |                                   |                      | <b>18,896.41</b>     | <b>18,896.41</b> | <b>15,452.21</b>     | <b>15,452.21</b> |

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 36.0 Financial risk management

The Company realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's senior management oversees the management of these risks.

#### The Company has exposure to the following risks (arising from financial instruments):

- Credit risk
- Liquidity risk
- Market risk

#### A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk mainly from trade receivables, loans given and other financial assets.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition.

Trade receivables are typically unsecured and derived from revenue earned from customers located in India and abroad. Credit risk is managed by the Company through customer assessment, credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company measures the expected credit loss of trade receivables based on historical trend, industry practice and the business environment in which the entity operates. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, loans given and other financial assets.

#### The allowance for lifetime expected credit loss on trade receivables is as under:

(₹ in Lakh)

| Particulars                                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Allowance for expected credit loss</b>     |                         |                         |
| Opening balance                               | 185.49                  | 310.29                  |
| Impairment loss recognized (net of reversals) | (15.11)                 | (124.80)                |
| <b>Closing balance</b>                        | <b>170.38</b>           | <b>185.49</b>           |

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 Lakh (March 31, 2020: ₹ 6,200.00 Lakh), repayable on demand which carry floating rate of interest.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### b) Contractual maturities of financial liabilities

(₹ in Lakh)

| As at March 31, 2021                                  | 0-1 years        | 1-2 years       | 2-5 years       | More than 5 years | Total            |
|---|------------------|-----------------|-----------------|-------------------|------------------|
| Non-current borrowings (including current maturities) | 682.68           | 682.67          | 1,988.60        | 540.90            | 3,894.85         |
| Current borrowings                                    | 8,809.20         | -               | -               | -                 | 8,809.20         |
| Trade payables  | 3,521.43         | -               | -               | -                 | 3,521.43         |
| Other financial liabilities                           | 2,670.93         | -               | -               | -                 | 2,670.93         |
| <b>Total</b>  | <b>15,684.24</b> | <b>682.67</b>   | <b>1,988.60</b> | <b>540.90</b>     | <b>18,896.41</b> |
| As at March 31, 2020                                  | 0-1 years        | 1-2 years       | 2-5 years       | More than 5 years | Total            |
| Non-current borrowings (including current maturities) | 824.19           | 1,080.69        | 2,947.22        | 1,184.73          | 6,036.83         |
| Current borrowings                                    | 3,138.69         | -               | -               | -                 | 3,138.69         |
| Trade payables  | 3,412.26         | -               | -               | -                 | 3,412.26         |
| Other financial liabilities                           | 2,864.43         | -               | -               | -                 | 2,864.43         |
| <b>Total</b>  | <b>10,239.57</b> | <b>1,080.69</b> | <b>2,947.22</b> | <b>1,184.73</b>   | <b>15,452.21</b> |

### 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 sale and purchase forward contracts and currency and interest rate swap contracts, to reduce foreign currency risk exposure and follows its risk management policies.

#### Derivative financial instruments outstanding as at the reporting date:

(₹ in Lakh)

| Particulars   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| <b>a) Nominal value of forward contracts</b>          |                      |                      |
| Forward contracts to sell USD                         | 148.92               | 437.43               |
| Forward contracts to sell EURO                        | -                    | 253.19               |
| Forward contracts to buy EURO                         | -                    | 249.36               |
| <b>b) Currency cum interest rate swap (INR/ EURO)</b> | 1,767.99             | 1,903.83             |
|   | <b>1,916.91</b>      | <b>2,843.81</b>      |

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

| Particulars                      | As at March 31, 2021 |                   |                 | As at March 31, 2020 |                   |                   |
|----------------------------------|----------------------|-------------------|-----------------|----------------------|-------------------|-------------------|
|                                  | USD                  | EURO              | Total           | USD                  | EURO              | Total             |
| <b>Financial assets</b>          |                      |                   |                 |                      |                   |                   |
| Trade receivables                | 729.24               | 357.05            | 1,086.29        | 173.71               | 27.96             | 201.67            |
| <b>Financial liabilities</b>     |                      |                   |                 |                      |                   |                   |
| Trade and other payables         | (235.44)             | (3.42)            | (238.86)        | (80.83)              | (12.06)           | (92.89)           |
| Borrowings                       | -                    | (1,767.99)        | (1,767.99)      | -                    | (1,655.19)        | (1,655.19)        |
| <b>Net assets/ (liabilities)</b> | <b>493.80</b>        | <b>(1,414.36)</b> | <b>(920.56)</b> | <b>92.88</b>         | <b>(1,639.29)</b> | <b>(1,546.41)</b> |

### Foreign currency risk sensitivity

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

| Particulars                                       | As at March 31, 2021 |             | As at March 31, 2020 |              |
|---|----------------------|-------------|----------------------|--------------|
|   | 1% increase          | 1% decrease | 1% increase          | 1% decrease  |
| USD   | 4.94                 | (4.94)      | 0.93                 | (0.93)       |
| EURO  | (14.14)              | 14.14       | (16.39)              | 16.39        |
| <b>Increase / (decrease) in profit before tax</b> | <b>(9.21)</b>        | <b>9.21</b> | <b>(15.46)</b>       | <b>15.46</b> |

### 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:

| Particulars              | As at March 31, 2021 |                | As at March 31, 2020 |                |
|--------------------------|----------------------|----------------|----------------------|----------------|
|                          | ₹ in Lakh            | % of Total     | ₹ in Lakh            | % of Total     |
| Fixed rate borrowings    | 726.90               | 5.72%          | 894.83               | 9.75%          |
| Variable rate borrowings | 11,977.15            | 94.28%         | 8,280.69             | 90.25%         |
| <b>Total</b>             | <b>12,704.05</b>     | <b>100.00%</b> | <b>9,175.52</b>      | <b>100.00%</b> |

Note: The above amounts include current maturities of non-current borrowings.

#### Interest rate sensitivity on variable rate borrowings

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for whole of the year.

(₹ in Lakh)

| Particulars  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| 50 basis points increase would decrease the profit before tax by | (59.89)              | (41.40)              |
| 50 basis points decrease would Increase the profit before tax by | 59.89                | 41.40                |

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 37.0 Capital risk management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor's, creditor's and market's confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure in consonance with its long term strategic plans.

The gearing ratio at the end of the reporting period is as under:

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Current and non-current borrowings (including current maturities) | 12,704.05               | 9,175.52                |
| <b>Debt (A)</b>   | <b>12,704.05</b>        | <b>9,175.52</b>         |
| <b>Total equity (B)</b>   | <b>51,882.60</b>        | <b>47,768.55</b>        |
| <b>Equity and debt (C =A+B)</b>                                   | <b>64,586.65</b>        | <b>56,944.07</b>        |
| <b>Gearing ratio (A/C)</b>  | <b>19.67%</b>           | <b>16.11%</b>           |

### 38.0 COVID 19 assessment

Pursuant to the lock-down imposed by the Central and State Government authorities since March 24, 2020 to contain the spread of COVID-19 outbreak, the Company's operations were suspended temporarily, which gradually resumed in a phased manner with requisite precautions and complete operations at all manufacturing locations could be resumed during July, 2020. Accordingly, the standalone financial statements for the year ended on March 31, 2021 are not comparable to corresponding previous year ended on March 31, 2020. The Company remains watchful of the potential impact of COVID-19 pandemic, particularly the current "second wave", and has taken into account the possible impact of COVID-19 in preparation of these standalone financial statements, including the assessment of recoverable value of the assets based on internal and external information available upto the date of approval of these standalone financial statements. The Company will continue to closely monitor any material change in future economic conditions due to prevailing pandemic situation.

### 39.0 Disclosures as per Section 186(4) of the Companies Act, 2013

The details of the loans, guarantees and investments under Section 186 of the Companies Act, 2013 are as follows:

- (i) Details of investments made and loans given are provided under the respective heads.
- (ii) The Company has given corporate guarantee to a bank by way of pledge of mutual funds' units for opening a letter of credit for import of machinery by one of its subsidiary - Ganesha EcoPET Private Limited. The amount of guarantee is ₹ 5,000 lakh (previous year ₹ Nil).

## NOTES TO STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 40.0 Events occurring after the balance sheet date

The Board of Directors of the Company have recommended dividend of ₹ 2 per fully paid up equity share of ₹ 10 each, aggregating to ₹ 436.59 Lakh for the financial year 2020-21 (March 31, 2020: ₹ 2.00 per fully paid up equity share of ₹ 10 each, aggregating ₹ 436.59 Lakh). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and the actual dividend amount will be dependent on the share capital outstanding as on the relevant record date/ book closure.

41.0 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

**For and on behalf of the Board of Directors**

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT

**TO**  
**THE MEMBERS OF**  
**GANESHA ECOSPHERE LIMITED**  
**Report on the audit of the Consolidated Financial Statements**  
**Opinion**

We have audited the accompanying consolidated financial statements of Ganesha Ecosphere Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") comprising of the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial statements of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at March 31, 2021, their consolidated profit (consolidated financial performance including other comprehensive income), their consolidated

cash flows and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion

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

## Key Audit Matters

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

| Key Audit Matter  | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Revenue Recognition</b> (as described in note 2.e of the consolidated financial statements)</p> <p>The Group recognises revenue when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.</p> <p>The terms of sales arrangements, including the timing of transfer of control, delivery specifications including incoterms in case of exports, create complexity and judgement in determining timing of revenue recognition. The risk is, therefore, that revenue may not be recognised in the correct period in accordance with Ind AS 115.</p> <p>Revenue is measured net of returns and allowances, cash discounts, trade discounts and volume rebates (collectively 'discount and rebates'). There is a risk that these discount and rebates are incorrectly recorded as it also requires a certain degree of estimation, resulting in understatement of the associated expenses and accrual.</p> <p>Accordingly, due to the risk associated with revenue recognition, it was determined to be a key audit matter in our audit of the consolidated financial statements.</p> | <ol style="list-style-type: none"> <li>1. We have considered the Group's revenue recognition policy and its compliance in terms of Ind AS 115 'Revenue from Contracts with Customers'.</li> <li>2. We have assessed the design and tested the operating effectiveness of internal controls related to revenue recognition.</li> <li>3. We have performed sample test of individual sales transaction and traced to sales invoices, sales orders and other related documents. Further, in respect of the samples tested, we have checked that the revenue has been recognised when the conditions for revenue recognitions are satisfied.</li> <li>4. We have selected sample of sales transactions made pre and post year end, agreed the period of revenue recognition to underlying documents.</li> <li>5. We have performed analytical procedures of revenue to identify any unusual trends.</li> </ol> |

| Key Audit Matter   | How our audit addressed the key audit matter  |
|--|---|
|  | <p>6. We have obtained confirmations from customers on sample basis to support existence assertion of trade receivables and assessed the relevant disclosures made in the financial statements; to ensure revenue from contracts with customers is in accordance with the requirements of relevant accounting standards.</p> <p>7. We have assessed the relevant disclosures made within the consolidated financial statements.</p>   |
| <p><b>Evaluation of pending litigations</b> (as described in note 30.2 of the consolidated financial statements)</p>   |   |
| <p>The Group has pending litigations for demand in dispute under various statutes which involves significant judgment to determine the possible outcome of these disputes.</p> | <p>We have obtained the details of litigations under various statutes for the year ended March 31, 2021 from the management.</p> <p>We have reviewed the management's underlying assumptions in estimating the provisions in respect to the disputed matters and the possible outcome of the disputes. We have also reviewed the legal precedence, where available, and other documents provided for review by the management in evaluating its position in these matters.</p> <p>We have also reviewed the assumptions made by the management as at March 31, 2021 and evaluated whether any change was required on account of information and updates made available during the year.</p> |

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

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

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

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

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

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation

of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit (consolidated financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in

the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based

on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance of the Parent, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements and other financial information of two subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 6,956.30 Lakh as at March 31, 2021, total revenue of ₹ Nil, total net loss after tax of ₹ 32.30 Lakh and total comprehensive loss of ₹ 32.30 Lakh for the year ended March 31, 2021 respectively, and net cash inflows of ₹ 14.48 Lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other information of the subsidiaries have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of Section 143(3)(i) of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph, we report to the extent applicable, that:

- (a) We/ the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and report of other auditors.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Parent and the reports of the other auditors, who are appointed under Section 139 of the Act, of its subsidiaries incorporated in India, none of the directors of the Parent and its subsidiaries incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Parent and its subsidiaries incorporated in India, refer to our separate report in "Annexure A" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in auditor's report in accordance with the requirements of Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid/ provided by the Parent to its directors during the year is in accordance with the provisions of Section 197 of the Act read with Schedule V to the Act. Further, as per the reports of the other auditors of the subsidiaries incorporated in India, no managerial remuneration has been paid by the subsidiaries during the year ended March 31, 2021.

(h) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matters" paragraph:

- i. the Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - refer note 30.2;
- ii. the Group has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 15.2;
- iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group during the year ended March 31, 2021.

**For Narendra Singhania & Co.  
Chartered Accountants**

Firm Reg No. 009781N

**Girish Singhania**

Partner

Membership No.: 092687

Place: New Delhi

Date: May 22, 2021

UDIN - 21092687AAAAAY8816

# Annexure A to the Independent Auditor's Report

**(Referred to in paragraph 1(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date to the Members of Ganesha Ecosphere Limited on the consolidated financial statements as of and for the year ended March 31, 2021)**

## **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 Parent") and its subsidiaries incorporated in India (the Parent and its subsidiaries together referred to as "the Group") as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiaries incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting of the Parent and its subsidiaries incorporated in India.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and to the best of our information, and according to the explanations given to us, and based on the consideration of the reports of other auditors of subsidiaries incorporated in India, the Parent and its subsidiaries incorporated in India have, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates to two subsidiaries incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India, whose reports have been furnished to us by the management.

Our opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting, of the Parent and its subsidiaries incorporated in India, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

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

**Girish Singhania**  
 Partner  
 Membership No.: 092687

Place: New Delhi  
 Date: May 22, 2021

UDIN - 21092687AAAAAY8816

# CONSOLIDATED BALANCE SHEET

as at March 31, 2021

(₹ in Lakh)

| Particulars  | Note No. | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|----------|-------------------------|-------------------------|
| <b>ASSETS</b>  |          |                         |                         |
| <b>(1) Non-current assets</b>  |          |                         |                         |
| (a) Property, plant and equipment  | 3.1      | 30,880.91               | 30,031.40               |
| (b) Capital work-in-progress   | 3.2      | 1,746.22                | 214.27                  |
| (c) Right of use assets (ROU)  | 3.3      | 123.36                  | 124.97                  |
| (d) Intangible assets  | 4.1      | 139.59                  | 185.65                  |
| (e) Financial assets:  |          |                         |                         |
| (i) Loans  | 5.1      | 24.72                   | 2.21                    |
| (ii) Others  | 5.2      | 309.13                  | 72.59                   |
| (f) Other non-current assets   | 6.0      | 2,343.10                | 1,321.03                |
| <b>Sub-total</b>   |          | <b>35,567.03</b>        | <b>31,952.12</b>        |
| <b>(2) Current assets</b>  |          |                         |                         |
| (a) Inventories  | 7.0      | 17,251.95               | 14,480.94               |
| (b) Financial assets:  |          |                         |                         |
| (i) Investments  | 8.1      | 7,213.14                | 8,322.48                |
| (ii) Trade receivables   | 8.2      | 10,555.13               | 9,736.70                |
| (iii) Cash and cash equivalents  | 8.3      | 242.19                  | 127.67                  |
| (iv) Bank balances other than (iii) above  | 8.4      | 1,273.92                | 359.26                  |
| (v) Loans  | 8.5      | 2.05                    | 1.41                    |
| (vi) Others  | 8.6      | 781.97                  | 110.11                  |
| (c) Current tax assets (net)   | 10.0     | 511.14                  | 414.34                  |
| (d) Other current assets   | 9.0      | 1,299.89                | 1,018.60                |
| <b>(3) Assets held for sale/ disposal</b>  | 11.0     | 27.25                   | 35.57                   |
| <b>Sub-total</b>   |          | <b>39,158.63</b>        | <b>34,607.08</b>        |
| <b>TOTAL ASSETS</b>  |          | <b>74,725.66</b>        | <b>66,559.20</b>        |
| <b>EQUITY AND LIABILITIES</b>  |          |                         |                         |
| <b>(1) Equity</b>  |          |                         |                         |
| (a) Equity share capital   | 12.1     | 2,182.94                | 2,182.94                |
| (b) Other equity   | 12.2     | 49,512.93               | 45,565.37               |
| <b>Sub-total</b>   |          | <b>51,695.87</b>        | <b>47,748.31</b>        |
| <b>(2) Liabilities</b>   |          |                         |                         |
| <b>(2A) Non-current liabilities</b>  |          |                         |                         |
| (a) Financial liabilities:   |          |                         |                         |
| (i) Borrowings   | 13.0     | 3,212.17                | 5,212.64                |
| (b) Deferred tax liabilities (net)   | 18.1     | 1,913.08                | 1,712.51                |
| (c) Government grants  | 14.2     | 400.21                  | 439.60                  |
| (d) Provisions   | 17.1     | 611.15                  | 719.29                  |
| <b>Sub-total</b>   |          | <b>6,136.61</b>         | <b>8,084.04</b>         |
| <b>(2B) Current liabilities</b>  |          |                         |                         |
| (a) Financial liabilities:   |          |                         |                         |
| (i) Borrowings   | 13.0     | 8,809.20                | 3,138.69                |
| (ii) Trade payables:   |          |                         |                         |
| Total outstanding dues of micro enterprises and small enterprises                      | 15.1     | 61.79                   | 43.52                   |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 15.1     | 3,459.64                | 3,368.74                |
| (iii) Other financial liabilities  | 15.2     | 3,404.45                | 3,689.48                |
| (b) Government grants  | 14.1     | 44.57                   | 44.27                   |
| (c) Other current liabilities  | 16.0     | 844.88                  | 298.69                  |
| (d) Provisions   | 17.2     | 268.65                  | 143.46                  |
| <b>Sub-Total</b>   |          | <b>16,893.18</b>        | <b>10,726.85</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | <b>74,725.66</b>        | <b>66,559.20</b>        |
| 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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars   | Note No. | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>I INCOME</b>   |          |                                      |                                      |
| Revenue from operations   | 19.0     | 75,113.56                            | 88,883.39                            |
| Other income  | 20.0     | 943.01                               | 740.12                               |
| <b>Total income</b>   |          | <b>76,056.57</b>                     | <b>89,623.51</b>                     |
| <b>II EXPENSES</b>  |          |                                      |                                      |
| Cost of materials consumed  |          | 46,035.61                            | 55,700.26                            |
| Purchases of stock-in-trade   |          | 1,876.54                             | 1,425.72                             |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 21.0     | (359.37)                             | (2,575.27)                           |
| Employee benefits expenses  | 22.0     | 4,800.95                             | 6,001.80                             |
| Finance costs   | 25.0     | 881.28                               | 777.36                               |
| Depreciation and amortization expense   | 24.0     | 2,716.18                             | 2,805.36                             |
| Other expenses  | 23.0     | 14,310.19                            | 17,161.08                            |
| <b>Total expenses</b>   |          | <b>70,261.38</b>                     | <b>81,296.31</b>                     |
| <b>III Profit before tax (I-II)</b>   |          | <b>5,795.19</b>                      | <b>8,327.20</b>                      |
| <b>IV Tax expense</b>   | 26.0     |                                      |                                      |
| Current tax   |          | 1,253.26                             | 1,957.14                             |
| Deferred tax charge/ (credit)   |          | 189.79                               | (414.46)                             |
| MAT credit reversed   |          | -                                    | 416.59                               |
| <b>Total tax expense</b>  |          | <b>1,443.05</b>                      | <b>1,959.27</b>                      |
| <b>V Profit for the year (III-IV)</b>   |          | <b>4,352.14</b>                      | <b>6,367.93</b>                      |
| <b>VI Other comprehensive income</b>  |          |                                      |                                      |
| Items that will not be reclassified to profit or loss                         |          |                                      |                                      |
| Re-measurement gain/ (loss) on defined benefit obligation                     |          | 42.82                                | 15.77                                |
| Less: Income-tax relating to above item                                       | 26.0     | (10.78)                              | (3.97)                               |
|   |          | <b>32.04</b>                         | <b>11.80</b>                         |
| <b>VII Total comprehensive income for the year (V+VI)</b>                     |          | <b>4,384.18</b>                      | <b>6,379.73</b>                      |
| <b>VIII Earnings per share</b>  |          |                                      |                                      |
| Basic (face value of ₹ 10 per equity share)                                   | 28.0     | 19.94                                | 29.17                                |
| Diluted (face value of ₹ 10 per equity share)                                 |          | 19.94                                | 29.17                                |
| 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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021

(₹ in Lakh)

| Particulars  | Note No. | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|----------|--------------------------------------|--------------------------------------|
| <b>A. Cash flow from operating activities:</b>               |          |                                      |                                      |
| Profit before tax as per statement of profit and loss        |          | 5,795.19                             | 8,327.20                             |
| <b>Adjustments for:</b>                                      |          |                                      |                                      |
| Depreciation and amortization expense                        |          | 2,716.18                             | 2,805.36                             |
| Loss on sale/ discard of property, plant and equipment (net) |          | 18.53                                | 53.02                                |
| Allowance for doubtful trade receivables and advances        |          | (12.75)                              | (110.37)                             |
| Bad debts/ advances written off                              |          | 42.51                                | 66.71                                |
| Liabilities no longer required written back                  |          | (73.64)                              | (1.11)                               |
| Loss on foreign currency fluctuations and translations (net) |          | 50.36                                | 100.96                               |
| Interest expense   |          | 718.86                               | 628.06                               |
| Interest income  |          | (210.83)                             | (384.64)                             |
| Profit on sale of investments                                |          | (161.80)                             | (208.51)                             |
| Fair value gain on financial assets                          |          | (510.71)                             | (48.13)                              |
| Government grants against interest expense                   |          | -                                    | (50.00)                              |
| Amortization of Government grants                            |          | (52.79)                              | (42.99)                              |
| <b>Operating profit before working capital changes</b>       |          | <b>8,319.11</b>                      | <b>11,135.56</b>                     |
| <b>Movements in working capital:</b>                         |          |                                      |                                      |
| Increase in trade receivables                                |          | (831.89)                             | (804.55)                             |
| (Increase)/ decrease in other receivables and prepayments    |          | (1,218.80)                           | 723.10                               |
| Increase in inventories                                      |          | (2,771.02)                           | (1,507.38)                           |
| Increase in trade payables                                   |          | 161.28                               | 653.00                               |
| Increase in other payables                                   |          | 371.37                               | 79.31                                |
| Increase in provisions                                       |          | 59.88                                | 172.21                               |
| <b>Cash generated from operations</b>                        |          | <b>4,089.93</b>                      | <b>10,451.25</b>                     |
| Direct taxes paid (net of refunds)                           |          | (1,350.06)                           | (2,452.55)                           |
| <b>Net cash flow generated from operating activities (A)</b> |          | <b>2,739.87</b>                      | <b>7,998.70</b>                      |
| <b>B. Cash flow from investing activities</b>                |          |                                      |                                      |
| Purchase of property, plant and equipment                    |          | (5,922.43)                           | (3,139.14)                           |
| Purchase of intangible assets                                |          | (5.22)                               | (30.00)                              |
| Proceeds from sale of property, plant and equipment          |          | 125.41                               | 17.72                                |
| Loan to body corporate                                       |          | (21.00)                              | -                                    |
| Fixed deposits made  |          | (2,004.83)                           | (3,295.35)                           |
| Fixed deposits matured                                       |          | 2,552.18                             | 2,725.05                             |
| Interest received  |          | 246.02                               | 333.92                               |
| Purchase of investments                                      |          | (4,401.02)                           | (13,694.88)                          |
| Proceeds from sale of investments                            |          | 4,482.87                             | 9,932.00                             |
| <b>Net cash flow used in investing activities (B)</b>        |          | <b>(4,948.02)</b>                    | <b>(7,150.68)</b>                    |

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2021 (continued)

(₹ in Lakh)

| Particulars   | Note No. | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>C. Cash flow from financing activities</b>                                       |          |                                      |                                      |
| Proceeds from non-current borrowings (other than related parties)                   |          | 944.79                               | 3,240.39                             |
| Repayment of non-current borrowings (other than related parties)                    |          | (2,888.42)                           | (4,034.01)                           |
| Proceeds from/ (repayment of) current borrowings (net) (other than related parties) |          | 5,616.51                             | (545.66)                             |
| (Repayment of)/ (proceeds from) related parties as borrowings (net)                 |          | (182.50)                             | 83.00                                |
| Dividend paid to equity shareholders  |          | (436.59)                             | (436.59)                             |
| Dividend distribution tax paid  |          | -                                    | (89.74)                              |
| Government grants against interest expense  |          | -                                    | 50.00                                |
| Interest paid   |          | (731.12)                             | (601.46)                             |
| <b>Net cash flow generated from/ (used in) financing activities (C)</b>             |          | <b>2,322.67</b>                      | <b>(2,334.07)</b>                    |
| <b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>                |          | <b>114.52</b>                        | <b>(1,486.05)</b>                    |
| Cash and cash equivalents at the beginning of the year                              |          | 127.67                               | 1,613.72                             |
| <b>Cash and cash equivalents at the end of the year</b>                             | 8.3      | <b>242.19</b>                        | <b>127.67</b>                        |
| <b>Notes:</b>   |          |                                      |                                      |

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7, 'Statement of Cash Flows'.

Significant accounting policies 2.0

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

As per our report of even date attached

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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

**For and on behalf of the Board of Directors**

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

| A. Equity share capital                         |  | (₹ in Lakh)     |
|---|--|-----------------|
| <b>As at April 1, 2019</b>                      |  | <b>2,182.94</b> |
| Changes in equity share capital during the year |  | -               |
| <b>As at March 31, 2020</b>                     |  | <b>2,182.94</b> |
| Changes in equity share capital during the year |  | -               |
| <b>As at March 31, 2021</b>                     |  | <b>2,182.94</b> |

## B. Other equity

(₹ in Lakh)

| Particulars                                    | Reserves and surplus       |                 |                    |                 |                   | Total            |
|--|----------------------------|-----------------|--------------------|-----------------|-------------------|------------------|
|  | Capital redemption reserve | Capital reserve | Securities premium | General reserve | Retained earnings |                  |
| <b>Balance as at April 1, 2019</b>             | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>24,819.84</b>  | <b>39,711.97</b> |
| Profit for the year                            | -                          | -               | -                  | -               | 6,367.93          | 6,367.93         |
| Other comprehensive income for the year        | -                          | -               | -                  | -               | 11.80             | 11.80            |
| <b>Total comprehensive income for the year</b> | <b>-</b>                   | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>6,379.73</b>   | <b>6,379.73</b>  |
| Dividend paid                                  | -                          | -               | -                  | -               | (436.59)          | (436.59)         |
| Dividend distribution tax                      | -                          | -               | -                  | -               | (89.74)           | (89.74)          |
| <b>Balance as at March 31, 2020</b>            | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>30,673.24</b>  | <b>45,565.37</b> |
| Profit for the year                            | -                          | -               | -                  | -               | 4,352.14          | 4,352.14         |
| Other comprehensive income for the year        | -                          | -               | -                  | -               | 32.04             | 32.04            |
| <b>Total comprehensive income for the year</b> | <b>-</b>                   | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>4,384.18</b>   | <b>4,384.18</b>  |
| Dividend paid                                  | -                          | -               | -                  | -               | (436.59)          | (436.59)         |
| Other  | -                          | -               | -                  | -               | (0.03)            | (0.03)           |
| <b>Balance as at March 31, 2021</b>            | <b>450.00</b>              | <b>225.28</b>   | <b>13,952.72</b>   | <b>264.13</b>   | <b>34,620.80</b>  | <b>49,512.93</b> |

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

As per our report of even date attached

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

**Girish Singhania**  
Partner  
Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**  
Managing Director  
DIN: 00383178

**Bharat Kumar Sajjani**  
Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharma**  
Chairman  
DIN: 00530921

**Gopal Agarwal**  
Chief Financial Officer

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

## 1.0 Corporate information

Ganesha Ecosphere Limited (“the holding company”) is a public limited company, incorporated and domiciled in India, listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited. The address of the registered office of holding company is Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.). The holding company is a leading PET Waste Recycling Group in India and is engaged in the manufacturing of Recycled Polyester Staple Fibre (RPSF), Spun Yarn and Dyed Texturised Yarn. Subsidiary companies are yet to start the operations.

The consolidated financial statements as at March 31, 2021 relate to Ganesha Ecosphere Limited (the holding company) and its subsidiaries, Ganesha Ecopet Private Limited and Ganesha Ecotech Private Limited (collectively referred to as ‘the Group’). Ganesha Ecopet Private Limited and Ganesha Ecotech Private Limited were incorporated on November 19, 2019 and November 17, 2020 respectively and the holding company holds 100% shareholding of these subsidiaries.

## 2.0 Significant Accounting Policies

### a) Basis of preparation

#### (i) Compliance with Indian Accounting Standards

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

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

#### (ii) Historical cost convention

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

#### (iii) Current versus non-current classification

All the assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle

and other criterion set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

#### (iv) Rounding of amounts

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

### b) Principles of consolidation

- (i) Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its power and involvement with the investee and has the ability to affect those returns through its power over the investee.
- (ii) The financial statements of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the holding company.
- (iii) The financial statements of the holding company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (iv) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- (v) The carrying amount of the parent’s investment in subsidiaries is off set (eliminated against the parent’s portion of equity in subsidiaries).

### c) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions, based upon the best knowledge of current events and actions that affect the reported amounts

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of incomes and expenses during the reported period. Actual results may differ from those estimates. Any difference between the actual results and the estimates are recognized in the period in which the results are known/ materialised.

### d) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

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

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognized in the statement of profit and loss. Exchange differences, in respect of foreign currency borrowings taken for acquiring qualifying assets included in property, plant and equipment, to the extent it is an adjustment to interest cost, has been capitalized. Additionally, exchange gains or losses on foreign currency borrowings taken prior to April 1, 2017 which are related to the acquisition of qualifying assets are adjusted in the carrying cost of such assets.

### e) Revenue recognition

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

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

#### (i) Sale of goods

Revenue is recognized upon transfer of control of promised goods to customers (i.e. when performance

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

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

#### (ii) Job work receipts

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

#### (iii) Export incentives

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

#### (iv) Recycling certification income

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

#### (v) Interest income

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

#### (vi) Insurance claims

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

### f) Government grants

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

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

In case of interest free/ concessional loan provided by Government, the loan or assistance is initially recognised and measured at fair value and the Government grant is measured as the difference between the initial fair value of the loan and the proceeds received. The loan or assistance is subsequently measured as per the accounting policy applicable to financial liabilities.

### g) Taxes

#### (i) Current income-tax

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

#### (ii) Deferred income-tax

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

related deferred income-tax assets are realised or the deferred income-tax liabilities are settled.

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

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

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

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

### h) Non-current assets held for sale

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

### i) Property, plant and equipment

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less depreciation and impairment, if any. Cost includes all expenditure

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

necessary to bring the asset to its working condition for its intended use.

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

Property, plant and equipment which are not ready for their intended use are disclosed under capital work-in-progress. Expenditure during construction period (including borrowing cost relating to borrowed funds for construction or acquisition of property, plant and equipment) incurred on projects/ assets, including trial run expenses (net of revenue) are treated as pre-operative expenses, pending allocation to the assets, and are included under capital work-in-progress. These expenses are apportioned to related property, plant and equipment on commencement of commercial production. Capital work-in-progress is stated at the amount expended up to the date of the balance sheet.

### Depreciation methods, estimated useful lives and residual value

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

The Group depreciates its property, plant and equipment over the useful life in the manner prescribed in Schedule II to the Act, and the Group believes that the useful life of assets are same as those prescribed in Schedule II to the Act, except for certain plant & equipment, wherein based

on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II to the Act.

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

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

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

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

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

### j) Intangible assets

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

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

### k) Borrowings

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

### l) Borrowing costs

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

### m) Lease

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

#### Group as a lessee

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

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

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation/ amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease

liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated/ amortized on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets, as estimated by the management. Leasehold land has been amortized over the lease term of 90 years.

#### (ii) Lease liabilities

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

#### (iii) Short-term leases and leases of low-value assets

The Lease payments on short-term leases and lease of low-value assets are recognized as expense on a straight-line basis over the lease term.

### n) Inventories

#### (i) Measurement of Inventory

Inventories of raw material, stores & spares, work-in-progress, finished goods and stock-in-trade (including goods-in-transit) are stated at cost or net realizable value, whichever is lower. Waste & scrap is valued at net realizable value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### (ii) Cost of Inventories

Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase of inventories comprise the purchase price, import duties and other non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of inventory items. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The cost of conversion of inventories include costs directly related to the units of production and a systematic allocation of fixed and variable production overheads that are incurred in converting material into finished goods.

Cost of inventories is ascertained on the 'weighted average' basis except stock-in-trade, where cost is ascertained on first-in-first-out (FIFO) basis.

### (iii) Net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realizable value is ascertained for each item of inventories with reference to the selling prices of related finished products. Estimates of net realizable value of finished goods and stock-in-trade are based on the most reliable evidence, available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Materials and other supplies held for use in the production of the inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Amount of write down of the inventories below cost is recognized as an expense as and when the event occurs.

### o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's

recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, if any, are recognized in the statement of profit and loss. Non-financial assets that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

### p) Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the probability of outflow of resource is remote.

Provisions and contingent liabilities are reviewed at each balance sheet date.

### q) Employee benefits

#### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### (ii) Other long-term employee benefit

The liabilities for earned leave, that are not expected to be settled wholly within 12 months, are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the consolidated statement of profit and loss.

### (iii) Post-employment obligations

The Group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund, family pension fund and employee's state insurance.

#### (a) Gratuity obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefits expenses in the consolidated statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the consolidated balance sheet.

#### (b) Defined contribution plans

Defined contribution plans such as contributions to provident fund, family pension fund and employee's state insurance are made to the funds administered by the Government of India, and are recognized as an expense when employees have rendered service entitling them to the contributions.

#### r) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash at banks and on hand, bank overdrafts and short-term deposits with an original maturities of three months or less, which are subject to an insignificant risk of changes in value.

#### s) Financial instruments

##### a) Financial assets

##### i. Initial recognition and measurement

The financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not measured at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are accounted for using the trade date accounting.

##### ii. Classification and subsequent measurement

##### a. Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### b. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

### c. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss.

### iii. Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### iv. Impairment of financial assets

The Group measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### b) Financial liabilities

#### i. Initial recognition and measurement

All financial liabilities are initially recognized at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in the statement of profit and loss as finance cost.

#### ii. Classification and subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### iii. Derecognition

A financial liability (or part of a financial liability) is derecognized from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

### c) Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps, currency swaps and forward and options to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss in the period when they arise.

### d) Offsetting

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

**t) Earnings per share**

**(i) Basic earnings per share**

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

**(ii) Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity

shareholders of the Group and weighted average number of equity shares outstanding during the year are adjusted for the effect of all potentially dilutive equity shares.

**u) Standards issued but not effective**

There are no standards that are issued but not yet effective on March 31, 2021.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 3.1 Property, plant and equipment

(₹ in Lakh)

| Particulars                      | Freehold land   | Buildings       | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles      | Total            |
|----------------------------------|-----------------|-----------------|-------------------|----------------------|------------------|---------------|------------------|
| <b>Gross block:</b>              |                 |                 |                   |                      |                  |               |                  |
| <b>As at April 1, 2019</b>       | <b>1,237.19</b> | <b>8,722.71</b> | <b>35,031.52</b>  | <b>164.67</b>        | <b>336.46</b>    | <b>302.27</b> | <b>45,794.82</b> |
| Additions                        | 1,265.13        | -               | 485.62            | 0.82                 | 17.46            | 40.30         | 1,809.33         |
| Disposals                        | -               | -               | (98.52)           | (41.99)              | (7.01)           | (21.59)       | (169.11)         |
| <b>As at March 31, 2020</b>      | <b>2,502.32</b> | <b>8,722.71</b> | <b>35,418.62</b>  | <b>123.50</b>        | <b>346.91</b>    | <b>320.98</b> | <b>47,435.04</b> |
| Additions                        | 1,328.35        | -               | 2,166.37          | 1.29                 | 114.15           | 48.19         | 3,658.35         |
| Disposals                        | -               | -               | (201.36)          | (1.71)               | (50.87)          | (14.43)       | (268.37)         |
| <b>As at March 31, 2021</b>      | <b>3,830.67</b> | <b>8,722.71</b> | <b>37,383.63</b>  | <b>123.08</b>        | <b>410.19</b>    | <b>354.74</b> | <b>50,825.02</b> |
| <b>Accumulated depreciation:</b> |                 |                 |                   |                      |                  |               |                  |
| <b>As at April 1, 2019</b>       | <b>-</b>        | <b>2,350.49</b> | <b>11,849.72</b>  | <b>116.92</b>        | <b>248.25</b>    | <b>193.29</b> | <b>14,758.67</b> |
| Charge for the year              | -               | 333.29          | 2,327.11          | 12.37                | 43.50            | 40.51         | 2,756.78         |
| Disposals                        | -               | -               | (42.98)           | (41.32)              | (6.99)           | (20.52)       | (111.81)         |
| <b>As at March 31, 2020</b>      | <b>-</b>        | <b>2,683.78</b> | <b>14,133.85</b>  | <b>87.97</b>         | <b>284.76</b>    | <b>213.28</b> | <b>17,403.64</b> |
| Charge for the year              | -               | 321.78          | 2,263.58          | 8.97                 | 42.90            | 36.00         | 2,673.23         |
| Disposals                        | -               | -               | (69.60)           | (1.62)               | (48.34)          | (13.20)       | (132.76)         |
| <b>As at March 31, 2021</b>      | <b>-</b>        | <b>3,005.56</b> | <b>16,327.83</b>  | <b>95.32</b>         | <b>279.32</b>    | <b>236.08</b> | <b>19,944.11</b> |
| <b>Net block:</b>                |                 |                 |                   |                      |                  |               |                  |
| <b>As at March 31, 2020</b>      | <b>2,502.32</b> | <b>6,038.93</b> | <b>21,284.77</b>  | <b>35.53</b>         | <b>62.15</b>     | <b>107.70</b> | <b>30,031.40</b> |
| <b>As at March 31, 2021</b>      | <b>3,830.67</b> | <b>5,717.15</b> | <b>21,055.80</b>  | <b>27.76</b>         | <b>130.87</b>    | <b>118.66</b> | <b>30,880.91</b> |

### 3.2 Capital work-in-progress

(₹ in Lakh)

|                             |                 |
|-----------------------------|-----------------|
| <b>As at March 31, 2020</b> | <b>214.27</b>   |
| <b>As at March 31, 2021</b> | <b>1,746.22</b> |

(Including pre-operative expenses of ₹ 82.97 Lakh (Previous year ₹ 0.91 Lakh))

### 3.3 Right of use assets (ROU)

(₹ in Lakh)

|                                       |               |
|---------------------------------------|---------------|
| <b>Leasehold land</b>                 |               |
| <b>Gross block:</b>                   |               |
| <b>As at April 1, 2019</b>            | -             |
| Additions*                            | 126.59        |
| Disposals                             | -             |
| <b>As at March 31, 2020</b>           | <b>126.59</b> |
| Additions                             | -             |
| Disposals                             | -             |
| <b>As at March 31, 2021</b>           | <b>126.59</b> |
| <b>Accumulated amortization:</b>      |               |
| <b>As at April 1, 2019</b>            | -             |
| Charge for the year                   | 1.62          |
| Disposals                             | -             |
| <b>As at March 31, 2020</b>           | <b>1.62</b>   |
| Charge for the year                   | 1.61          |
| Disposals                             | -             |
| <b>As at March 31, 2021</b>           | <b>3.23</b>   |
| <b>Net block as at March 31, 2020</b> | <b>124.97</b> |
| <b>Net block as at March 31, 2021</b> | <b>123.36</b> |

\* additions during the previous year represents reclassification of operating lease of leasehold land from current and non-current portion of prepaid expenses as at April 1, 2019 on account of adoption of Ind AS 116 (refer note 31.0)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

- 3.4** Freehold land has been purchased under the “Agreement for Sale” from Telangana State Industrial Infrastructure Corporation Limited at Kakatiya Mega Textile Park, District Warangal (Rural), Telangana and possession has also been handed over. However, as per terms of allotment letters, Sale Deed will be executed and registered after implementation of project and commencement of commercial production.
- 3.5** All property, plant and equipment, ROU assets and some capital work-in-progress, except freehold land at Warangal (Telangana) are charged as security for the term loan and working capital loan facilities from banks, to secure their respective dues (refer notes 13.1 and 27.0).
- 3.6** Refer note 30.1(a) for contractual commitment for the acquisition of property, plant and equipment.
- 3.7** There is no impairment loss during the year ending March 31, 2021 and March 31, 2020.

### 4.0 Intangible assets

(₹ in Lakh)

| Particulars                     | Technical Knowhow | Software      | Total         |
|---------------------------------|-------------------|---------------|---------------|
| <b>Gross block</b>              |                   |               |               |
| <b>As at April 1, 2019</b>      | 14.63             | 277.17        | 291.80        |
| Additions                       | -                 | 30.00         | 30.00         |
| Disposals                       | -                 | (1.46)        | (1.46)        |
| <b>As at March 31, 2020</b>     | <b>14.63</b>      | <b>305.71</b> | <b>320.34</b> |
| Additions                       | -                 | 5.21          | 5.21          |
| Disposals                       | -                 | -             | -             |
| <b>As at March 31, 2021</b>     | <b>14.63</b>      | <b>310.92</b> | <b>325.55</b> |
| <b>Accumulated amortization</b> |                   |               |               |
| <b>As at April 1, 2019</b>      | 14.63             | 74.48         | 89.11         |
| Amortization for the year       | -                 | 46.96         | 46.96         |
| Disposals                       | -                 | (1.38)        | (1.38)        |
| <b>As at March 31, 2020</b>     | <b>14.63</b>      | <b>120.06</b> | <b>134.69</b> |
| Amortization for the year       | -                 | 51.27         | 51.27         |
| Disposals                       | -                 | -             | -             |
| <b>As at March 31, 2021</b>     | <b>14.63</b>      | <b>171.33</b> | <b>185.96</b> |
| <b>Net block</b>                |                   |               |               |
| <b>As at March 31, 2020</b>     | -                 | <b>185.65</b> | <b>185.65</b> |
| <b>As at March 31, 2021</b>     | -                 | <b>139.59</b> | <b>139.59</b> |

### Net book value

(₹ in Lakh)

| Particulars                  | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------|----------------------|----------------------|
| <b>4.1</b> Intangible assets | 139.59               | 185.65               |

- 4.2** There is no impairment loss during the year ending March 31, 2021 and March 31, 2020.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 5.0 Non-current financial assets

#### 5.1 Loans

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Loan to a body corporate (given for meeting business requirement) | 21.00                   | -                       |
| Loans to employees  | 3.72                    | 2.21                    |
| <b>Total</b>  | <b>24.72</b>            | <b>2.21</b>             |
| <b>Break-up:</b>  |                         |                         |
| Loans considered good - secured                                   | -                       | -                       |
| Loans considered good - unsecured                                 | 24.72                   | 2.21                    |
| Loans which have significant increase in credit risk              | -                       | -                       |
| Loans - credit impaired   | -                       | -                       |
|   | <b>24.72</b>            | <b>2.21</b>             |
| Less: Allowance for doubtful loans                                | -                       | -                       |
| <b>Total</b>  | <b>24.72</b>            | <b>2.21</b>             |

Refer note 35.0 for information about credit risk and market risk of loans.

#### 5.2 Others

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Bank deposits with remaining maturity of more than twelve months* | 309.13                  | 72.59                   |
| <b>Total</b>  | <b>309.13</b>           | <b>72.59</b>            |

\*held as lien by banks against bank guarantees & other credit facilities amounting to ₹ 308.28 Lakh (March 31, 2020: ₹ 72.59 Lakh).

### 6.0 Other non-current assets

(₹ in Lakh)

| Particulars                         | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| Capital advances                    | 1,785.51                | 983.22                  |
| Security deposits                   | 378.40                  | 324.73                  |
| Prepaid expenses                    | 134.40                  | 13.08                   |
| Balance with Government authorities | 44.79                   | -                       |
| <b>Total</b>                        | <b>2,343.10</b>         | <b>1,321.03</b>         |

### 7.0 Inventories

(At lower of cost and net realisable value)

(₹ in Lakh)

| Particulars                 | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| Raw materials               | 8,516.46                | 6,254.07                |
| Work-in-progress            | 791.24                  | 571.27                  |
| Finished goods              | 5,331.21                | 5,812.99                |
| Finished goods (in-transit) | 598.57                  | 187.32                  |
| Stock-in-trade              | 310.25                  | 86.13                   |
| Stock-in-trade (in-transit) | -                       | 14.19                   |
| Stores and spares           | 1,704.22                | 1,554.97                |
| <b>Total</b>                | <b>17,251.95</b>        | <b>14,480.94</b>        |

Cost of inventories amounting to ₹ 286.38 Lakh (March 31, 2020: ₹ 457.40 Lakh) in respect of write-downs of inventory to net realisable value has been expensed out in the statement of profit and loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 8.0 Current financial assets

#### 8.1 Investments

(carried at fair value through profit and loss)

(₹ In Lakh)

| Particulars  | As at March 31, 2021 |                 | As at March 31, 2020 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | No. of Units         | Amount          | No. of Units         | Amount          |
| <b>a) Investment in mutual funds (unquoted):</b>                                       |                      |                 |                      |                 |
| SBI Banking & PSU Fund (units of ₹ 1,000 each)   | 60,653.476           | 1,549.10        | 1,10,653.476         | 2,617.33        |
| HDFC Banking & PSU Debt Fund (units of ₹ 10 each)                                      | -                    | -               | 6,04,013.125         | 99.79           |
| Axis Dynamic Bond Fund (units of ₹ 10 each)  | 22,15,143.608        | 549.60          | 22,15,143.608        | 508.39          |
| Franklin India Banking & PSU Debt Fund (units of ₹ 10 each)                            | -                    | -               | 12,78,715.147        | 210.74          |
| DSP Banking & PSU Debt Fund (units of ₹ 10 each)                                       | 68,95,850.711        | 1,322.89        | 29,60,314.030        | 524.35          |
| ICICI Pru Corporate Bond Fund (units of ₹ 10 each)                                     | -                    | -               | 9,98,611.929         | 207.97          |
| L&T Triple Ace Bond Fund (units of ₹ 10 each)  | 18,69,535.585        | 1,114.97        | 18,69,535.585        | 1,033.23        |
| Kotak Banking & PSU Debt Fund (units of ₹ 10 each)                                     | -                    | -               | 10,80,116.566        | 514.64          |
| SBI Equity Hybrid Fund Growth (units of ₹ 10 each)                                     | 2,70,140.493         | 500.23          | 2,70,140.493         | 341.57          |
| Axis Banking & PSU Debt Fund (units of ₹ 100 each)                                     | 10,892.881           | 224.33          | 10,892.881           | 208.20          |
| <b>Sub-total</b>   |                      | <b>5,261.12</b> |                      | <b>6,266.21</b> |
| <b>b) Investment in bonds &amp; debentures (unquoted):</b>                             |                      |                 |                      |                 |
| IIFL Secure Trust July 2019 Series A PTC (units of ₹ 1,00,000 each)                    |                      | -               | 219.000              | 6.27            |
| Indsind Bank Series III-2019 10.5% NCD Perpetual Bonds (units of ₹ 10,00,000 each)     | 35.000               | 350.00          | 35.000               | 350.00          |
| 9.15% PNB Perpetual Bond (units of ₹ 10,00,000 each)                                   | 25.000               | 238.61          | -                    | -               |
| 7.74% SBI Series I Perpetual Bond (units of ₹ 10,00,000 each)                          | 40.000               | 401.71          | -                    | -               |
| 9.5% UBI Series XX Perpetual Bond (units of ₹ 10,00,000 each)                          | 30.000               | 308.57          | -                    | -               |
| IIFL Secured Redeemable Non-Convertible Debenture Series D8 (units of ₹ 1,00,000 each) | 150.000              | 150.00          | -                    | -               |
| 8.5% BOB Series XIII Perpetual Bond (units of ₹ 10,00,000 each)                        | 50.000               | 503.13          | -                    | -               |
| <b>Sub-total</b>   |                      | <b>1,952.02</b> |                      | <b>356.27</b>   |
| <b>c) Fixed deposits with financial institutions</b>                                   |                      |                 |                      | 1,700.00        |
| <b>Sub-total</b>   |                      |                 |                      | <b>1,700.00</b> |
| <b>Total</b>   |                      | <b>7,213.14</b> |                      | <b>8,322.48</b> |

Refer note 34.0 and 35.0 for information about fair value measurement, credit risk and market risk of investments.

#### 8.2 Trade receivables

(₹ In Lakh)

| Particulars  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Trade receivables  | 10,725.51            | 9,922.19             |
| Less: Allowance for doubtful trade receivables             | (170.38)             | (185.49)             |
| <b>Total</b>   | <b>10,555.13</b>     | <b>9,736.70</b>      |
| <b>Break-up:</b>   |                      |                      |
| Receivables considered good - secured                      | 1,050.43             | 431.71               |
| Receivables considered good - unsecured                    | 9,504.70             | 9,304.99             |
| Receivables which have significant increase in credit risk | -                    | -                    |
| Receivables - credit impaired                              | -                    | -                    |
| Receivables considered doubtful - unsecured                | 170.38               | 185.49               |
|  | <b>10,725.51</b>     | <b>9,922.19</b>      |
| Less: Allowance for doubtful trade receivables             | (170.38)             | (185.49)             |
| <b>Total</b>   | <b>10,555.13</b>     | <b>9,736.70</b>      |

#### Notes:

- Trade receivable represents the amount of consideration, in exchange for goods or services transferred to the customers, that is unconditional. There are no contract assets and contract liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

- 2) No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade receivable are due from firms or private companies in which any director of the Company is a partner, a director or a member.
- 3) No trade receivables are due from any other related party.
- 4) Refer note 34.0 & 35.0 for information about fair value measurement, credit risk and market risk of trade receivables.

### 8.3 Cash and cash equivalents

(₹ In Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Balances with banks:  |                         |                         |
| - On current accounts                                       | 210.18                  | 121.60                  |
| - Deposits with original maturity of less than three months | 11.08                   | -                       |
| Cheques on hand   | 14.01                   | -                       |
| Cash on hand  | 6.92                    | 6.07                    |
| <b>Total</b>  | <b>242.19</b>           | <b>127.67</b>           |

### 8.4 Bank balances other than cash and cash equivalents

(₹ In Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Unclaimed dividend (Earmarked)                             | 64.32                   | 65.77                   |
| Deposits with original maturity of more than three months* | 1,209.60                | 293.49                  |
| <b>Total</b>   | <b>1,273.92</b>         | <b>359.26</b>           |

\*held as lien by banks against bank guarantees and letter of credits amounting of ₹ 1,144.41 Lakh (March 31, 2020: ₹ 293.49 Lakh)

### 8.5 Loans

(₹ In Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Loans to employees                                   | 2.05                    | 1.41                    |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |
| <b>Break-up:</b>                                     |                         |                         |
| Loans considered good - secured                      | -                       | -                       |
| Loans considered good - unsecured                    | 2.05                    | 1.41                    |
| Loans which have significant increase in credit risk | -                       | -                       |
| Loans - credit impaired                              | -                       | -                       |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |
| Less: Allowance for doubtful loans                   | -                       | -                       |
| <b>Total</b>   | <b>2.05</b>             | <b>1.41</b>             |

Note: Refer note 35.0 for information about credit risk and market risk of loans.

### 8.6 Other financial assets

(₹ In Lakh)

| Particulars                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>                |                         |                         |
| Advances recoverable from suppliers              | 701.70                  | -                       |
| Interest receivable on fixed deposits and others | 80.27                   | 110.11                  |
| <b>Total</b>                                     | <b>781.97</b>           | <b>110.11</b>           |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 9.0 Other current assets

(₹ In Lakh)

| Particulars                           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>     |                         |                         |
| Security deposits                     | 17.11                   | 15.61                   |
| Advances to suppliers                 | 785.32                  | 547.19                  |
| Advances to employees and others      | 19.00                   | 37.45                   |
| Prepaid expenses                      | 281.18                  | 200.83                  |
| Balances with Government authorities  | 166.37                  | 140.55                  |
| Interest receivable - others          | 30.91                   | 26.50                   |
| Export incentives receivable          | -                       | 50.47                   |
| <b>Sub-total</b>                      | <b>1,299.89</b>         | <b>1,018.60</b>         |
| <b>Unsecured, considered doubtful</b> |                         |                         |
| Advances to suppliers                 | 32.90                   | 30.55                   |
| Less: Allowance for doubtful advances | (32.90)                 | (30.55)                 |
| <b>Sub-total</b>                      | <b>-</b>                | <b>-</b>                |
| <b>Total</b>                          | <b>1,299.89</b>         | <b>1,018.60</b>         |

### 10.0 Current tax assets (net)

(₹ In Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--------------|-------------------------|-------------------------|
| Income-tax   | 511.14                  | 414.34                  |
| <b>Total</b> | <b>511.14</b>           | <b>414.34</b>           |

### 11.0 Assets held for sale/ disposal

(₹ In Lakh)

| Particulars                                    | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Discarded fixed assets held for sale/ disposal | 27.25                   | 35.57                   |
| <b>Total</b>                                   | <b>27.25</b>            | <b>35.57</b>            |

### 12.1 Share capital

(₹ In Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 3,40,00,000 (March 31, 2020: 3,40,00,000) equity shares of ₹ 10 each  | 3,400.00                | 3,400.00                |
| 21,50,000 (March 31, 2020: 21,50,000) preference shares of ₹ 100 each | 2,150.00                | 2,150.00                |
| <b>Total</b>  | <b>5,550.00</b>         | <b>5,550.00</b>         |
| <b>Issued, subscribed and fully paid up</b>                           |                         |                         |
| 2,18,29,397 (March 31, 2020: 2,18,29,397) equity shares of ₹ 10 each  | 2,182.94                | 2,182.94                |
| <b>Total</b>  | <b>2,182.94</b>         | <b>2,182.94</b>         |

#### Notes:

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

| Particulars                        | As at<br>March 31, 2021<br>(Nos.) | As at<br>March 31, 2020<br>(Nos.) |
|------------------------------------|-----------------------------------|-----------------------------------|
| <b>Equity shares</b>               |                                   |                                   |
| As at the beginning of the year    | 2,18,29,397                       | 2,18,29,397                       |
| Add: Shares issued during the year | -                                 | -                                 |
| As at the end of the year          | <b>2,18,29,397</b>                | <b>2,18,29,397</b>                |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### ii) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Group has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group, after distribution of all preferential amounts, in proportion to their shareholding.

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

| Name of the shareholder                           | As at March 31, 2021 |           | As at March 31, 2020 |           |
|---|----------------------|-----------|----------------------|-----------|
|   | Nos.                 | % holding | Nos.                 | % holding |
| <b>Equity shares of ₹ 10/- each fully paid up</b> |                      |           |                      |           |
| MCAP India Fund Limited                           | 22,56,619            | 10.34     | 29,75,877            | 13.63     |
| GPL Finance Limited                               | 22,13,811            | 10.14     | 22,13,711            | 10.14     |
| Shyam Sunder Sharma                               | 19,38,927            | 8.88      | 19,38,927            | 8.88      |
| SBI Mutual Fund                                   | 15,94,857            | 7.31      | 20,03,258            | 9.18      |
| DSP Equity Fund                                   | 13,26,100            | 6.07      | 13,26,100            | 6.07      |
| Rajesh Sharma                                     | 10,95,529            | 5.02      | 10,95,529            | 5.02      |

### iv) The Group has neither issued shares for a consideration other than cash/ bonus shares nor bought back any shares during the period of five years immediately preceding the reporting date.

## 12.2 Other equity

(₹ In Lakh)

| Particulars                           | As at            |                  |
|---------------------------------------|------------------|------------------|
|                                       | March 31, 2021   | March 31, 2020   |
| Capital redemption reserve            | 450.00           | 450.00           |
| Capital reserve                       | 225.28           | 225.28           |
| Securities premium                    | 13,952.72        | 13,952.72        |
| General reserve                       | 264.13           | 264.13           |
| Retained earnings                     | 34,620.80        | 30,673.24        |
| <b>Total</b>                          | <b>49,512.93</b> | <b>45,565.37</b> |
| <b>(a) Capital redemption reserve</b> |                  |                  |
| Opening balance                       | 450.00           | 450.00           |
| Adjustment during the year            | -                | -                |
| <b>Closing balance</b>                | <b>450.00</b>    | <b>450.00</b>    |
| <b>(b) Capital reserve</b>            |                  |                  |
| Opening balance                       | 225.28           | 225.28           |
| Adjustment during the year            | -                | -                |
| <b>Closing balance</b>                | <b>225.28</b>    | <b>225.28</b>    |
| <b>(c) Securities premium</b>         |                  |                  |
| Opening balance                       | 13,952.72        | 13,952.72        |
| Adjustment during the year            | -                | -                |
| <b>Closing balance</b>                | <b>13,952.72</b> | <b>13,952.72</b> |
| <b>(d) General reserve</b>            |                  |                  |
| Opening balance                       | 264.13           | 264.13           |
| Adjustment during the year            | -                | -                |
| <b>Closing balance</b>                | <b>264.13</b>    | <b>264.13</b>    |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Notes:

- i) Refer note 13.1 for the details of effective interest rate, repayment terms and security details for the borrowings.
- ii) The carrying amount of financial and non financial assets as security for secured borrowings is disclosed in note 27.0.
- iii) Refer note 35.0 for liquidity risk.
- iv) Loans discounted to their present value using the average interest rate on borrowings and the differential loan amount has been disclosed as government grant.

### v) Net debt reconciliation:

(₹ In Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| Current and non-current borrowings (including current maturities) | 12,704.05               | 9,175.52                |
| Less: Cash and cash equivalents                                   | (242.19)                | (127.67)                |
| Interest payable  | 35.01                   | 61.84                   |
| <b>Net debt</b>   | <b>12,496.87</b>        | <b>9,109.69</b>         |

(₹ In Lakh)

| Particulars                          | Current and non-current borrowings (including current maturities) | Cash and cash equivalents | Interest payable (net of interest subsidy receivable) | Total            |
|--------------------------------------|---|---------------------------|---|------------------|
| <b>Net debt as at April 1, 2019</b>  | <b>10,398.85</b>  | <b>(1,613.72)</b>         | <b>48.53</b>  | <b>8,833.66</b>  |
| Cash flows                           | (1,256.28)  | 1,486.05                  | -   | 229.77           |
| Other non-cash movements             |   |                           |   |                  |
| - foreign exchange adjustments       | 19.66   | -                         | -   | 19.66            |
| - fair value adjustments             | 13.29   | -                         | (13.29)   | -                |
| Interest expense                     | -   | -                         | 628.06  | 628.06           |
| Interest paid                        | -   | -                         | (601.46)  | (601.46)         |
| <b>Net debt as at March 31, 2020</b> | <b>9,175.52</b>   | <b>(127.67)</b>           | <b>61.84</b>  | <b>9,109.69</b>  |
| Cash flows                           | 3,490.38  | (114.52)                  | -   | 3,375.86         |
| Other non-cash movements             |   |                           |   |                  |
| - foreign exchange adjustments       | 23.58   | -                         | -   | 23.58            |
| - fair value adjustments             | 14.57   | -                         | (14.57)   | -                |
| Interest expense                     | -   | -                         | 718.86  | 718.86           |
| Interest paid                        | -   | -                         | (731.12)  | (731.12)         |
| <b>Net debt as at March 31, 2021</b> | <b>12,704.05</b>  | <b>(242.19)</b>           | <b>35.01</b>  | <b>12,496.87</b> |

### 13.1 Nature of security and terms of repayment for non-current borrowings (including their current maturities):

| Nature of security   | Terms of repayment   |
|--|--|
| 1 Term loan from bank, balance outstanding amounting to ₹ 700.00 Lakh (March 31, 2020: ₹ 780.00 Lakh) is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding company and personal guarantees of the executive directors of the holding company and others. | Repayable in 29 quarterly installments starting from March, 2020 and last installment falling due in March 2027. Rate of interest 7.40% p.a. as at the year end (March 31, 2020: 8.30%). |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

|  | Nature of security  | Terms of repayment  |
|--|---|---|
| 2  | Term loan from bank, balance outstanding amounting to ₹ 875.83 Lakh (March 31, 2020: Nil), is secured by way of exclusive charge on assets of holding company financed by loan. The loan is further secured by way of personal guarantees of the executive directors of the holding company and others.   | Repayable in 12 quarterly installments starting from March, 2021 and last installment falling due during in December, 2023. Rate of interest 6.30% p.a. as at the year end. (March 31, 2020: N.A.). |
| 3  | Term loan from bank, balance outstanding amounting to ₹ 2,154.11 Lakh (March 31, 2020: ₹ 2,418.29 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future) of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding company and personal guarantees of the executive directors of the holding company and others.  | Repayable in 27 quarterly installments starting from April 2020 and last installment falling due in October 2026. Rate of interest 8.10% p.a. as at the year end (March 31, 2020: 9.00% p.a.).      |
| 4  | Term loan from bank (including foreign currency loan), balance outstanding amounting to ₹ 0.01 Lakh (March 31, 2020: ₹ 2,451.71 Lakh), is secured by way of first charge, on pari passu basis, on entire property, plant and equipment (present and future), including equitable mortgage of entire properties of the holding company. The loan is further secured by way of extension of pari passu second charge on current assets of the holding Company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of the executive directors of the holding company and others. | Repayable during 2021-22. Rate of interest 9.00% at the time of repayment (March 31, 2020: 9.50% p.a.).   |
| 5  | Loan from U.P. Government, balance outstanding amounting to ₹ 23.04 Lakh (March 31, 2020: ₹ 23.04 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in 2 installments during August 2023 and December 2023. The loan is interest free.  |
| 6  | Loan from U.P. Government, balance outstanding amounting to ₹ 29.42 Lakh (March 31, 2020: ₹ 29.42 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in January 2025. The loan is interest free.   |
| 7  | Loan from U.P. Government, balance outstanding amounting to ₹ 194.90 Lakh (March 31, 2020: ₹ 194.90 Lakh), is secured by way of bank guarantee of equivalent amount.  | Repayable in December 2025. The loan is interest free.  |
| 8  | Unsecured loans from directors and their relatives amounting to ₹ Nil (March 31, 2020: ₹ 236.50 Lakh).  | Repayable during 2021-22 and hence classified under current borrowings. Rate of interest 7.00% p.a. as at the year end (March 31, 2020: 8.50% p.a.).  |
| <b>Nature of security and terms of repayment for current borrowings:</b> |   |   |
| 1  | Working capital loans from banks, balance outstanding amounting to ₹ 8,247.20 Lakh (March 31, 2020: ₹ 2630.69 Lakh) are secured by hypothecation of current assets of the holding company (both present and future), ranking pari passu inter-se. These loans are further secured by way of extension of pari-passu second charge on property, plant and equipment of the holding company, fixed deposit receipt of ₹ 211.00 Lakh and personal guarantees of the executive directors of the holding company and others.   | Repayable on demand. Rate of interest is ranging from 6.00% to 9.00% p.a. over the tenure of the loans. (March 31, 2020: Rate of interest ranging from 9.10% to 9.75% p.a.)                         |
| 2  | Unsecured loans from directors, their relatives and other related parties amounting to ₹ 562.00 Lakh (March 31, 2020: ₹ 508.00 Lakh).   | Repayable on demand. Rate of interest 7.00% p.a. as at the year end (March 31, 2020: 8.50% p.a.).   |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 14.0 Government grants

(₹ In Lakh)

| Particulars                                  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| <b>At the beginning of the year</b>          | 483.87                  | 504.87                  |
| Received during the year*                    | 13.70                   | 21.99                   |
| Released to the statement of profit and loss | (52.79)                 | (42.99)                 |
| <b>At the end of the year</b>                | <b>Total 444.78</b>     | <b>483.87</b>           |
| 14.1 Current                                 | 44.57                   | 44.27                   |
| 14.2 Non-current                             | 400.21                  | 439.60                  |

\*There is no unfulfilled commitments as at the balance sheet date related to Government grant received under the EPCG Scheme.

### 15.1 Trade payables

(₹ In Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Trade payables   |                         |                         |
| - Total outstanding dues of micro enterprises and small enterprises                      | 61.79                   | 43.52                   |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,459.64                | 3,368.74                |
| <b>Total</b>   | <b>3,521.43</b>         | <b>3,412.26</b>         |

Refer note 35.0 for information about liquidity risk and market risk of trade payables.

#### Note:

#### Dues to micro and small enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| a) The principal amount remaining unpaid to any supplier at the end of the year  | 61.79                   | 43.52                   |
| b) Interest due remaining unpaid to any supplier at the end of the year  | -                       | -                       |
| c) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year  | -                       | -                       |
| d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006  | -                       | -                       |
| e) The amount of interest accrued and remaining unpaid at the end of each accounting year  | -                       | -                       |
| f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006 | -                       | -                       |

Disclosure of payable to vendors as defined under the MSMED Act, 2006 is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 15.2 Other current financial liabilities

(₹ In Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Current maturities of long-term borrowings         | 682.68                  | 824.19                  |
| Creditors for capital expenditure                  | 57.28                   | 10.76                   |
| Interest accrued                                   | 35.01                   | 61.84                   |
| Unclaimed dividends*                               | 64.32                   | 65.77                   |
| Mark to market of derivative financial instruments | 150.65                  | 125.88                  |
| Other payables                                     | 2,414.51                | 2,601.04                |
| <b>Total</b>                                       | <b>3,404.45</b>         | <b>3,689.48</b>         |

\* During the year, the Group has transferred ₹ 10.48 Lakh (March 31, 2020: ₹ 10.69 Lakh) to Investor Education and Protection Fund towards unclaimed dividend and there are no overdue amounts as at the balance sheet date.

### 16.0 Other current liabilities

(₹ In Lakh)

| Particulars             | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|-------------------------|-------------------------|-------------------------|
| Advance from customers  | 67.32                   | 124.68                  |
| Statutory dues payables | 777.56                  | 174.01                  |
| <b>Total</b>            | <b>844.88</b>           | <b>298.69</b>           |

### 17.0 Provisions

(₹ In Lakh)

| Particulars                | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|----------------------------|-------------------------|-------------------------|
| <b>Employee benefits</b>   |                         |                         |
| <b>17.1 Non-current</b>    |                         |                         |
| Leave obligations          | 76.88                   | 124.40                  |
| Gratuity (refer note 29.1) | 534.27                  | 594.89                  |
| <b>Total</b>               | <b>611.15</b>           | <b>719.29</b>           |
| <b>17.2 Current</b>        |                         |                         |
| Leave obligations          | 52.26                   | 43.89                   |
| Gratuity (refer note 29.1) | 216.39                  | 99.57                   |
| <b>Total</b>               | <b>268.65</b>           | <b>143.46</b>           |

### 18.1 Deferred tax liabilities (net)

(₹ In Lakh)

| Particulars                           | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---------------------------------------|-------------------------|-------------------------|
| Deferred tax assets                   | (315.99)                | (315.94)                |
| Deferred tax liabilities              | 2,229.07                | 2,028.45                |
| <b>Deferred tax liabilities (net)</b> | <b>1,913.08</b>         | <b>1,712.51</b>         |

#### 18.1.a Movement of deferred tax liabilities (net)

| Particulars                                       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liabilities (net)</b>             |                         |                         |
| As at the beginning of the year                   | 1,712.51                | 2,123.00                |
| Charge/ (credit) to statement of profit and loss* | 200.57                  | (410.49)                |
| <b>Total</b>                                      | <b>1,913.08</b>         | <b>1,712.51</b>         |

\*Deferred tax on remeasurement of defined benefit obligation of ₹ 10.78 Lakh has been charged to other comprehensive income (March 31, 2020: credit of ₹ 3.97 Lakh).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 18.1.b Components of deferred tax (assets)/ liabilities

(₹ In Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Deferred tax liability</b>                         |                         |                         |
| Property, plant and equipment                         | 2,079.51                | 2,016.34                |
| Others  | 149.56                  | 12.11                   |
| <b>Sub-total</b>                                      | <b>2,229.07</b>         | <b>2,028.45</b>         |
| <b>Deferred tax asset</b>                             |                         |                         |
| Expenses allowed in the year of payment               | (264.83)                | (261.57)                |
| Provision for doubtful trade receivables and advances | (51.16)                 | (54.37)                 |
| <b>Sub-total</b>                                      | <b>(315.99)</b>         | <b>(315.94)</b>         |
| <b>Deferred tax (assets)/ liabilities (net)</b>       | <b>1,913.08</b>         | <b>1,712.51</b>         |

### 19.0 Revenue from operations

(₹ In Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>Sale of products</b>                                     |                                      |                                      |
| Finished goods (including process waste)                    | 72,212.99                            | 86,558.56                            |
| Stock-in-trade  | 2,012.59                             | 1,777.51                             |
| <b>Sub-total</b>  | <b>74,225.58</b>                     | <b>88,336.07</b>                     |
| <b>Other operating revenues</b>                             |                                      |                                      |
| Sale of waste and scrap                                     | 260.47                               | 200.66                               |
| Job work receipts   | 7.34                                 | 3.48                                 |
| Insurance claims received                                   | 38.29                                | 24.62                                |
| Export incentive  | 184.87                               | 126.44                               |
| Allowance for doubtful trade receivables written back (net) | 23.06                                | 110.37                               |
| Income from recycling certification                         | 297.82                               | 78.75                                |
| Liabilities no longer required written back                 | 73.64                                | 1.11                                 |
| Others  | 2.49                                 | 1.89                                 |
| <b>Sub-total</b>  | <b>887.98</b>                        | <b>547.32</b>                        |
| <b>Total</b>  | <b>75,113.56</b>                     | <b>88,883.39</b>                     |

The Group offers, performance based discounts and other discounts as per the prevailing trade practices at the time of sale. A sale invoice is the de facto contract agreement with the Customers. Any credit notes for discounts issued thereafter are reduced from gross sales and net sales is shown in the statement of profit and loss. Details of the revenue from contracts with customers as it appears in the invoices raised on them and credit notes issued thereafter are as under:

| Particulars                              | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| a. Revenue from contracts with Customers | 74,332.28                            | 88,539.45                            |
| Less:                                    |                                      |                                      |
| b. Performance and price discounts       | 43.12                                | 102.83                               |
| c. Other discounts                       | 63.58                                | 100.55                               |
| <b>Revenue from sale of products</b>     | <b>74,225.58</b>                     | <b>88,336.07</b>                     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 20.0 Other income

(₹ In Lakh)

| Particulars                         | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Interest income                     | 210.83                               | 375.15                               |
| Government grants*                  | 52.79                                | 92.99                                |
| Profit on sale of investments       | 161.80                               | 208.51                               |
| Fair value gain on financial assets | 510.71                               | 48.13                                |
| Miscellaneous income                | 6.88                                 | 15.34                                |
| <b>Total</b>                        | <b>943.01</b>                        | <b>740.12</b>                        |

\*Government grants for the year ended March 31, 2021 includes ₹ Nil (March 31, 2020: 50.00 Lakh) received by the holding company from Handloom & Textile Industry Department, Uttar Pradesh against the interest expense incurred on term loans taken from banks and further includes ₹ 52.79 Lakh (March 31, 2020: ₹ 42.99 Lakh) against reversal of deferred Government grant.

### 21.0 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ In Lakh)

| Particulars                                      | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Inventories at the end of the year*</b>       |                                      |                                      |
| Finished goods                                   | 5,929.78                             | 6,000.31                             |
| Stock-in-trade                                   | 310.25                               | 100.32                               |
| Work-in-progress                                 | 791.24                               | 571.27                               |
| <b>Sub-total</b>                                 | <b>7,031.27</b>                      | <b>6,671.90</b>                      |
| <b>Inventories at the beginning of the year*</b> |                                      |                                      |
| Finished goods                                   | 6,000.31                             | 3,313.83                             |
| Stock-in-trade                                   | 100.32                               | 207.80                               |
| Work-in-progress                                 | 571.27                               | 575.00                               |
| <b>Sub-total</b>                                 | <b>6,671.90</b>                      | <b>4,096.63</b>                      |
| <b>Total</b>                                     | <b>(359.37)</b>                      | <b>(2,575.27)</b>                    |

\*including goods-in-transit.

### 22.0 Employee benefits expenses

(₹ In Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Salaries and wages  | 4,361.97                             | 5,503.31                             |
| Contribution to provident and other funds (refer note 29.2) | 209.53                               | 248.74                               |
| Gratuity expense (refer note 29.1)                          | 137.48                               | 150.82                               |
| Staff welfare expenses                                      | 91.97                                | 98.93                                |
| <b>Total</b>  | <b>4,800.95</b>                      | <b>6,001.80</b>                      |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 23.0 Other expenses

(₹ In Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Manufacturing expenses:</b>                               |                                      |                                      |
| Consumption of stores and spares                             | 2,010.48                             | 2,434.21                             |
| Power and fuel   | 6,861.02                             | 8,396.63                             |
| Processing charges   | 445.78                               | 942.28                               |
| Repairs and maintenance                                      |                                      |                                      |
| - Plant and machinery  | 325.29                               | 389.27                               |
| - Buildings  | 65.15                                | 203.98                               |
| <b>Sub-total</b>   | <b>9,707.72</b>                      | <b>12,366.37</b>                     |
| <b>Administrative expenses</b>                               |                                      |                                      |
| Rent (refer note 31.0)                                       | 116.89                               | 101.59                               |
| Rates and taxes  | 59.44                                | 10.32                                |
| Insurance  | 136.74                               | 124.05                               |
| Repairs and maintenance - others                             | 79.13                                | 108.30                               |
| CSR expenditure  | 162.80                               | 124.42                               |
| Travelling and conveyance                                    | 107.73                               | 200.12                               |
| Communication costs  | 37.19                                | 49.87                                |
| Printing and stationery                                      | 34.65                                | 41.16                                |
| Legal and professional fee                                   | 60.07                                | 67.47                                |
| Cost auditors' remuneration                                  | 1.00                                 | 1.00                                 |
| Directors' sitting fee                                       | 2.50                                 | 2.45                                 |
| Payment to auditor (refer details below)                     | 13.98                                | 13.32                                |
| Bad debts/ advances written off                              | 42.51                                | 66.71                                |
| Allowances for doubtful trade receivables and advances       | 10.31                                | -                                    |
| Loss on sale/ discard of property, plant and equipment (net) | 18.53                                | 53.02                                |
| Miscellaneous expenses                                       | 112.61                               | 133.30                               |
| Vehicle running and maintenance                              | 63.12                                | 80.83                                |
| Commission to non-executive directors                        | 56.89                                | 44.24                                |
| Security service charges                                     | 140.10                               | 149.27                               |
| Loss on foreign currency fluctuations and translations (net) | 15.60                                | 23.92                                |
| <b>Sub-total</b>   | <b>1,271.79</b>                      | <b>1,395.36</b>                      |
| <b>Selling expenses</b>                                      |                                      |                                      |
| Freight and forwarding charges                               | 2,980.96                             | 2,853.29                             |
| Other selling and distribution expenses                      | 349.72                               | 546.06                               |
| <b>Sub-total</b>   | <b>3,330.68</b>                      | <b>3,399.35</b>                      |
| <b>Total</b>   | <b>14,310.19</b>                     | <b>17,161.08</b>                     |
| <b>Break up of payment to auditor:</b>                       |                                      |                                      |
| <b>As auditor:</b>   |                                      |                                      |
| - Audit fee  | 9.50                                 | 9.00                                 |
| - Tax audit fee  | 1.00                                 | 1.00                                 |
| - Limited review fee   | 3.08                                 | 3.01                                 |
| <b>In other capacity</b>                                     |                                      |                                      |
| - Other services (certification fee)                         | 0.10                                 | 0.10                                 |
| - Reimbursement of expenses*                                 | 0.30                                 | 0.21                                 |
| <b>Total</b>   | <b>13.98</b>                         | <b>13.32</b>                         |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 24.0 Depreciation and amortization expense

(₹ In Lakh)

| Particulars                                   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on property, plant and equipment | 2,673.23                             | 2,756.78                             |
| Amortization of intangible assets             | 51.27                                | 46.96                                |
| Amortization of ROU assets                    | 1.61                                 | 1.62                                 |
| Less: Transfer to capital work-in-progress    | (9.93)                               | -                                    |
| <b>Total</b>                                  | <b>2,716.18</b>                      | <b>2,805.36</b>                      |

### 25.0 Finance costs

(₹ In Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Interest   | 718.86                               | 628.06                               |
| Exchange differences regarded as an adjustment to borrowing cost | 56.38                                | 39.36                                |
| Other borrowing costs (including bank charges)                   | 106.04                               | 109.94                               |
| <b>Total</b>   | <b>881.28</b>                        | <b>777.36</b>                        |

### 26.0 Tax expense

26.1 The major components of income-tax expense are as under:

(₹ In Lakh)

| Particulars   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| <b>A) Profit and loss section</b>                                       |                                      |                                      |
| <b>Current tax</b>  |                                      |                                      |
| In respect of current year  | 1,256.96                             | 1,957.14                             |
| In respect of earlier years   | (3.70)                               | -                                    |
| <b>Sub-total</b>  | <b>1,253.26</b>                      | <b>1,957.14</b>                      |
| <b>Deferred tax</b>   |                                      |                                      |
| Relating to origination and reversal of temporary differences           | 189.79                               | (414.46)                             |
| <b>Sub-total</b>  | <b>189.79</b>                        | <b>(414.46)</b>                      |
| <b>MAT credit reversed*</b>   |                                      |                                      |
| <b>Sub-total</b>  | <b>-</b>                             | <b>416.59</b>                        |
| <b>Income tax expense reported in the statement of profit and loss</b>  | <b>Total</b>                         | <b>1,443.05</b>                      |
|   |                                      | <b>1,959.27</b>                      |
| <b>B) Other comprehensive income ('OCI') section</b>                    |                                      |                                      |
| <b>Deferred tax related to items recognized in OCI during the year:</b> |                                      |                                      |
| Re-measurement loss on defined benefit obligation                       | (10.78)                              | (3.97)                               |
| <b>Income-tax charged to OCI</b>  | <b>(10.78)</b>                       | <b>(3.97)</b>                        |

\* In the previous year, the Group has elected to exercise the option permitted for reduced tax rate as permitted under Section 115BAA of the Income Tax Act, 1961. Accordingly, the Group has recognised provision for income tax and made reversal of MAT credit for the year ended March 31, 2020 and re-measured its net deferred tax liabilities basis the rate prescribed in the said section.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 26.2 Reconciliation of tax expense and the accounting profit multiplied by applying the statutory income-tax rate to the profit before tax is as under:

(₹ In Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Accounting profit before income-tax  | 5,795.19                             | 8,327.20                             |
| Enacted income-tax rate applicable to the Company                              | 25.168%                              | 25.168%                              |
| <b>Current tax expense on profit before tax at the enacted income-tax rate</b> | <b>1,458.53</b>                      | <b>2,095.79</b>                      |
| Adjustments in respect of current income-tax of earlier years                  | (3.70)                               | -                                    |
| Permanent disallowances  | 41.56                                | 35.46                                |
| Impact of tax due to loss in components  | 8.13                                 | 2.71                                 |
| Impact on tax for elimination adjustments in components                        | 33.78                                | -                                    |
| Remeasurement of net deferred tax liabilities                                  | (93.33)                              | (177.34)                             |
| Others   | (1.92)                               | 2.65                                 |
| <b>Total income-tax expense</b>  | <b>1,443.05</b>                      | <b>1,959.27</b>                      |

Consequent to reconciliation items shown above, the effective tax rate is 24.901% (March 31, 2020: 23.529%).

### 27.0 Assets pledged as security\*

The carrying amount of assets pledged as security for current and non-current borrowings are:

(₹ In Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>First charge</b>                                 |                         |                         |
| <b>Non-current assets</b>                           |                         |                         |
| Property, plant and equipment                       | 28,255.22               | 28,785.69               |
| Capital work-in-progress                            | 1,070.61                | 212.61                  |
| Right of use assets                                 | 123.36                  | 124.97                  |
| Non-current financial assets                        | 333.85                  | 74.80                   |
| Other non-current assets                            | 673.56                  | 605.48                  |
| <b>Total non-current assets pledged as security</b> | <b>30,456.60</b>        | <b>29,803.55</b>        |
| <b>Second charge</b>                                |                         |                         |
| <b>Current assets</b>                               |                         |                         |
| <b>Financial assets</b>                             |                         |                         |
| Investments   | 7,213.14                | 8,322.48                |
| Trade receivables                                   | 10,555.13               | 9,736.70                |
| Cash and cash equivalents                           | 210.30                  | 110.25                  |
| Bank balances                                       | 109.60                  | 293.49                  |
| Others  | 81.10                   | 120.06                  |
| <b>Non financial assets</b>                         |                         |                         |
| Inventories   | 17,251.95               | 14,480.94               |
| Current tax assets                                  | 510.65                  | 414.34                  |
| Others  | 1,327.65                | 1,054.19                |
| <b>Total current assets pledged as security</b>     | <b>37,259.52</b>        | <b>34,532.45</b>        |
| <b>Total assets pledged as security</b>             | <b>67,716.12</b>        | <b>64,336.00</b>        |

\*against loans taken by holding company

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### 28.0 Earnings per share

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Earnings per share has been computed as under:</b>           |                         |                         |
| Profit for the year (₹ in Lakh)                                 | 4,352.14                | 6,367.93                |
| Weighted average number of equity shares outstanding (Numbers)  | 2,18,29,397             | 2,18,29,397             |
| Earnings per share (₹) - Basic (face value of ₹ 10 per share)   | 19.94                   | 29.17                   |
| Earnings per share (₹) - Diluted (face value of ₹ 10 per share) | 19.94                   | 29.17                   |

### 29.0 Gratuity and other post-employment benefit plans

#### 29.1 Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the numbers of years of services. The gratuity plan is an unfunded plan.

**Movement in the present value of the defined benefit obligation for gratuity are as follows:**

(₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| <b>Opening defined benefit obligation</b>                                  | <b>694.46</b>                        | <b>588.84</b>                        |
| Current service cost   | 92.48                                | 106.66                               |
| Interest expense   | 45.19                                | 44.16                                |
| Benefits paid  | (38.80)                              | (29.43)                              |
| Actuarial (gains) / losses arising from changes in demographic assumptions | (64.59)                              | (0.01)                               |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 22.38                                | 34.80                                |
| Actuarial (gains) / losses arising from experience adjustments             | (0.46)                               | (50.56)                              |
| <b>Closing defined benefit obligation</b>                                  | <b>750.66</b>                        | <b>694.46</b>                        |

**Net liability recognized in balance sheet:**

(₹ in Lakh)

| Particulars                                      | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| Present value of defined benefit obligation      | 750.66                  | 694.46                  |
| Fair value of plan assets                        | -                       | -                       |
| Funded status (deficit)                          | (750.66)                | (694.46)                |
| <b>Net liability recognized in balance sheet</b> | <b>750.66</b>           | <b>694.46</b>           |
| <b>Break-up of defined benefit obligation</b>    |                         |                         |
| Current liability                                | 216.39                  | 99.57                   |
| Non-current liability                            | 534.27                  | 594.89                  |
| <b>Total</b>                                     | <b>750.66</b>           | <b>694.46</b>           |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

**Net defined benefit expense recognized in employee benefit expenses in the statement of profit and loss:** (₹ in Lakh)

| Particulars          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|----------------------|--------------------------------------|--------------------------------------|
| Current service cost | 92.34                                | 106.66                               |
| Net interest cost    | 45.14                                | 44.16                                |
| <b>Total</b>         | <b>137.48</b>                        | <b>150.82</b>                        |

**Net defined benefit expense recognized in capital work-in-progress:** (₹ in Lakh)

| Particulars          | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|----------------------|--------------------------------------|--------------------------------------|
| Current service cost | 0.14                                 | -                                    |
| Net interest cost    | 0.05                                 | -                                    |
| <b>Total</b>         | <b>0.19</b>                          | <b>-</b>                             |

**Remeasurement (gain) / loss recognized in other comprehensive income:** (₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gains) / losses arising from changes in demographic assumptions | (64.59)                              | (0.01)                               |
| Actuarial (gains) / losses arising from changes in financial assumptions   | 22.38                                | 34.80                                |
| Actuarial (gains) / losses arising from experience adjustments             | (0.61)                               | (50.56)                              |
| <b>Total</b>   | <b>(42.82)</b>                       | <b>(15.77)</b>                       |

**Remeasurement (gain) / loss recognized in capital work-in-progress** (₹ in Lakh)

| Particulars  | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Actuarial (gains) / losses arising from experience adjustments | (0.15)                               | -                                    |
| <b>Total</b>   | <b>(0.15)</b>                        | <b>-</b>                             |

**The principal assumptions used in determining gratuity as shown below:**

| Particulars                      | As at<br>March 31, 2021   | As at<br>March 31, 2020   |
|----------------------------------|---|---|
| Discount rate                    | 5.1% to 6.4%  | 6.50%   |
| Salary escalation rate           | 7.00%   | 7.00%   |
| Withdrawal rate (upto 58 years)  | 15% to 30%  | 15.00%  |
| Withdrawal rate (above 58 years) | 10.00%  | 15.00%  |
| Mortality                        | Published rates under the Indian Assured Lives Mortality (2012-14) Ultimate table | Published rates under the Indian Assured Lives Mortality (2012-14) Ultimate table |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Sensitivity analysis

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

(₹ in Lakh)

| Particulars            | Year           | Change in assumption | Change due to increase in assumption | Change due to decrease in assumption |
|------------------------|----------------|----------------------|--------------------------------------|--------------------------------------|
| Discount rate          | March 31, 2021 | 1.00%                | (15.08)                              | 15.84                                |
|                        | March 31, 2020 | 1.00%                | (34.80)                              | 38.56                                |
| Salary escalation rate | March 31, 2021 | 1.00%                | 15.32                                | (14.95)                              |
|                        | March 31, 2020 | 1.00%                | 36.95                                | (34.21)                              |
| Mortality rate         | March 31, 2021 | 1.00%                | negligible                           | negligible                           |
|                        | March 31, 2020 | 1.00%                |                                      |                                      |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period. There is no change in the method of valuation for the prior periods.

Maturity profile of demand of defined benefit obligation is as under:

(₹ in Lakh)

| Particulars   | As at March 31, 2021 | As at March 31, 2020 |
|---------------|----------------------|----------------------|
| Within 1 year | 216.39               | 99.57                |
| 1 - 2 Year    | 146.21               | 88.09                |
| 2 - 3 Year    | 110.21               | 80.00                |
| 3 - 4 Year    | 83.97                | 67.35                |
| 4 - 5 Year    | 64.10                | 59.30                |
| Above 5 years | 129.78               | 300.15               |
| <b>Total</b>  | <b>750.66</b>        | <b>694.46</b>        |

Fair value and changes in fair value of plan assets during the year ended March 31, 2021:

Gratuity obligations are not funded.

As per the policy of the Group, no gratuity is payable to the executive directors of the Group.

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

### 29.2 Defined contribution plans

The Group also has certain defined contribution plans, such as provident fund, family pension fund and employee's state insurance for benefit of employees. Contributions are made to funds administered by the Government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the year towards contribution to defined contribution plans is ₹ 209.53 Lakh (March 31, 2020: ₹ 248.74 Lakh). Further, an amount of ₹ 0.26 Lakh (March 31, 2020: ₹ Nil) has been recognised under capital work-in-progress.

### 29.3 Leave obligation

The Group provides for leave obligations based on actuarial valuation carried at the year end using the projected unit credit method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

#### 30.1 Commitments

(₹ in Lakh)

| Particulars   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| a) Estimated amount of contracts remaining to be executed on capital account (net of advances)                                    | 6,997.76                | 4,990.70                |
| b) Corporate guarantee given to bank for letter of credit opened in favour of Ganesha Ecopet Private Limited (Subsidiary company) | 5,000.00                | -                       |
| <b>Total</b>  | <b>11,997.76</b>        | <b>4,990.70</b>         |

#### 30.2 Contingent liabilities

(₹ in Lakh)

| Particulars  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|--|-------------------------|-------------------------|
| a) Matters with tax authorities  |                         |                         |
| - Income-tax matters   | 35.92                   | 42.04                   |
| - Entry tax matters  | -                       | 36.69                   |
| - VAT matters  | 7.65                    | 7.65                    |
| b) Demand as environmental compensation has been raised by Uttarakhand Pollution Control Board ('UPCB') on Rudrapur unit of holding company in pursuance of a general order of Hon'ble National Green Tribunal ('NGT') dated November 14, 2019 ('Order'). The operation of the said Order has been stayed by the Hon'ble Supreme Court vide its order dated March 18, 2020. The management believes that this demand has erroneously been raised on the holding company by UPCB and not sustainable. | 100.00                  | 100.00                  |
| c) Bills discounted under letters of credit and outstanding  | 97.40                   | 17.56                   |
| d) Claims against the Group not acknowledged as debt (interest thereon not ascertainable at present)   | 43.90                   | 36.88                   |
| <b>Total</b>   | <b>284.87</b>           | <b>240.82</b>           |

#### 31.0 Leases

The Group's lease assets primarily consist of leases for land taken for factory premises, office premises, guest houses and warehouses having different lease terms. Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and no adjustments were made in the previous year numbers.

On transition, the adoption of the new standard resulted in recognition of right of use asset of ₹ 126.59 Lakh in respect of the land lease for factory premises by reclassifying the amounts lying in non-current and current portion of prepaid expenses. The Group does not have any lease liability since the entire amount of lease premium for the aforesaid land lease was paid in advance and there is no future lease liability. There has been no effect of applying the standard on retained earnings as at April 1, 2019, on the profit before tax, profit for the period, earnings per share, cash flow from operating activities and cash flow from financing activities.

The following is the summary of practical expedients elected on initial application:

- The Group has applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and leases for which the underlying asset is of low value. The lease payment associated with these leases are recognised as an expense on a straight line basis over the lease term.
- The Group has applied the practical expedient by not reassessing whether a contract is, or contains, a lease at the date of initial application. Instead, it has applied Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

For details pertaining to the carrying value of right of use asset and amortization charged thereon during the year, refer note 3.3 of the financial statements.

The Group does not have any lease liability and thus there are no liquidity risks.

Rental expense recorded for short-term leases and low value asset leases is ₹ 116.89 Lakh for the year ended March 31, 2021 (March 31, 2020: ₹ 101.59 Lakh).

### 32.0 Segment information

#### 32.1 Primary segment (by business segment):

Ind AS 108 establishes standards for the way that the Group report information about operating segments and related disclosures about products and services, geographic areas and major customers. The Group's operations comprises of only one segment i.e. sale of polyester staple fibre and polyester yarn which are mainly having similar risks and returns. Based on the "management approach" as defined in Ind AS 108, the management also reviews and measure the operating results taking the whole business as one segment (synthetic textile). In view of the same, separate primary segment information is not required to be given as per the requirements of Ind AS 108 on "Operating Segments".

#### 32.2 Secondary segment (by geographical demarcation):

Considering the nature of the business in which the Group operates, the Group deals with various customers in multiple geographies. The details of segment revenue based on geographical demarcation is as under:

(₹ in Lakh)

| Particulars                   | For the year ended<br>March 31, 2021 | For the year ended<br>March 31, 2020 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Revenue from sale of products |                                      |                                      |
| - India                       | 68,172.43                            | 82,440.12                            |
| - Outside India               | 6,053.15                             | 5,895.95                             |
| <b>Total</b>                  | <b>74,225.58</b>                     | <b>88,336.07</b>                     |

### 33.0 Related party disclosures

#### Name of related parties and nature of relationship:

##### 33.1 A. Key management personnel

|                             |  |
|-----------------------------|--|
| Shri Shyam Sunder Sharma    | Non-Executive Chairman                             |
| Shri Vishnu Dutt Khandelwal | Executive Vice Chairman                            |
| Shri Sharad Sharma          | Managing Director                                  |
| Shri Rajesh Sharma          | Joint Managing Director                            |
| Shri Gopal Singh Shekhawat  | Director (Administration) (till December 24, 2020) |
| Shri Surendra Kumar Kabra   | Independent Director                               |
| Shri Pradeep Kumar Goenka   | Independent Director                               |
| Shri Vishwa Nath Chandak    | Independent Director                               |
| Shri Anoop Gupta            | Independent Director (till September 22, 2020)     |
| Shri Abhilash Lal           | Independent Director                               |
| Smt. Seema Sharma           | Non-Executive Director (till September 22, 2020)   |
| Smt. Shobha Chaturvedi      | Independent Director                               |
| Shri Gopal Agarwal          | Chief Financial Officer                            |
| Shri Bharat Kumar Sajnani   | Company Secretary & Compliance Officer             |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### B. Relatives of key management personnel

|   |                                      |
|---|--------------------------------------|
| Smt. Vimal Sharma                         | Wife of Shri Shyam Sunder Sharmma    |
| Smt. Nirmal Khandelwal                    | Wife of Shri Vishnu Dutt Khandelwal  |
| Shri Sandeep Khandelwal                   | Son of Shri Vishnu Dutt Khandelwal   |
| Shri Yash Sharma                          | Son of Shri Sharad Sharma            |
| Shri Ashwani Sharma (till April 03, 2020) | Son of Shri Rajesh Sharma            |
| Shyam Sunder Sharmma HUF                  | Shri Shyam Sunder Sharmma is Karta   |
| Vishnu Dutt Khandelwal HUF                | Shri Vishnu Dutt Khandelwal is Karta |
| Sharad Sharma HUF                         | Shri Sharad Sharma is Karta          |
| Rajesh Sharma HUF                         | Shri Rajesh Sharma is Karta          |

### C. Entities controlled by key management personnel or their relatives

|                               |
|-------------------------------|
| Sandeep Yarns Private Limited |
| GPL Finance Limited           |

### D. Entities over which key management personnel are able to exercise significant influence

|                       |
|-----------------------|
| Ganesh Memorial Trust |
|-----------------------|

### 33.2 Summary of transactions during the year

(₹ in Lakh)

| Particulars                                     | Year ended     | Key management personnel | Relatives of key management personnel | Entities controlled by key management personnel or their relatives | Entities over which key management personnel are able to exercise significant influence |
|---|----------------|--------------------------|---------------------------------------|--|---|
| Managerial remuneration                         | March 31, 2021 | 297.02                   | -                                     | -  | -   |
|   | March 31, 2020 | 818.51                   | -                                     | -  | -   |
| Commission and sitting fee                      | March 31, 2021 | 59.39                    | -                                     | -  | -   |
|   | March 31, 2020 | 46.69                    | -                                     | -  | -   |
| Salary and allowances                           | March 31, 2021 | 36.47                    | 17.51                                 | -  | -   |
|   | March 31, 2020 | 37.38                    | 28.42                                 | -  | -   |
| Interest paid                                   | March 31, 2021 | 34.54                    | 5.88                                  | 3.72   | -   |
|   | March 31, 2020 | 46.54                    | 11.65                                 | 13.48  | -   |
| Unsecured loan accepted                         | March 31, 2021 | 274.00                   | -                                     | 52.00  | -   |
|   | March 31, 2020 | 151.00                   | -                                     | 165.00   | -   |
| Unsecured loan repaid                           | March 31, 2021 | 327.00                   | 173.50                                | 8.00   | -   |
|   | March 31, 2020 | -                        | 15.00                                 | 218.00   | -   |
| Contribution to trust for CSR expenditure       | March 31, 2021 | -                        | -                                     | -  | -   |
|   | March 31, 2020 | -                        | -                                     | -  | 93.65   |
| <b>Amount outstanding at balance sheet date</b> |                |                          |                                       |  |   |
| Unsecured loan payable                          | March 31, 2021 | 425.00                   | 63.00                                 | 74.00  | -   |
|   | March 31, 2020 | 598.00                   | 116.50                                | 30.00  | -   |
| Amounts payable                                 | March 31, 2021 | 294.67                   | 4.34                                  | 1.28   | -   |
|   | March 31, 2020 | 793.63                   | 2.58                                  | 0.73   | -   |

**33.3** The Group has not given/ provided any guarantee/ collaterals for and on behalf of the aforementioned related parties.

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

## 34.0 Financial instruments

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### The following methods and assumptions were used to estimate the fair values

- A. The fair values of derivatives such as forward/ derivative contracts are on mark to market basis as per bank.
- B. The Group has adopted effective interest rate for calculating interest expense. Processing fees and transaction costs relating to each loan has been considered for calculating effective interest rate. The fair values of non-current borrowings are classified as level 3 in the fair value hierarchy due to the use of unobservable inputs including own credit risk.
- C. Loans and other non-current financial assets are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken into account for expected losses of these receivables. The fair value of loans and other non-current financial assets has been considered as equal to their carrying amount. These fair values are classified as level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.
- D. Fair values of cash and cash equivalents, trade receivables, bank balances, current investments, current loans, other current financial assets, trade payables, current borrowings and other financial liabilities are considered to be the same as their carrying amount due to short-term maturities of these instruments.

### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

### Financial assets

(₹ in Lakh)

| Particulars   | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2021 |                  | As at March 31, 2020 |                  |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
|   |                                   |                      | Carrying amount      | Fair value       | Carrying amount      | Fair value       |
| <b>1. Financial assets designated at fair value through profit and loss (FVTPL)</b>             |                                   |                      |                      |                  |                      |                  |
| Current investments   | D                                 | Level 2              | 7,213.14             | 7,213.14         | 8,322.48             | 8,322.48         |
| <b>2. Financial assets designated at fair value through other comprehensive income (FVTOCI)</b> |                                   |                      |                      |                  |                      |                  |
| <b>3. Financial assets designated at amortized cost</b>   |                                   |                      |                      |                  |                      |                  |
| a) Trade receivables  | D                                 | Level 3              | 10,555.13            | 10,555.13        | 9,736.70             | 9,736.70         |
| b) Cash and cash equivalents  | D                                 | Level 3              | 242.19               | 242.19           | 127.67               | 127.67           |
| c) Other bank balances  | D                                 | Level 3              | 1,273.92             | 1,273.92         | 359.26               | 359.26           |
| d) Loans  | C, D                              | Level 3              | 26.77                | 26.77            | 3.62                 | 3.62             |
| e) Other financial assets   | C, D                              | Level 3              | 1,091.10             | 1,091.10         | 182.70               | 182.70           |
| <b>Total</b>  |                                   |                      | <b>20,402.25</b>     | <b>20,402.25</b> | <b>18,732.43</b>     | <b>18,732.43</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Financial liabilities

(₹ in Lakh)

| Particulars   | Note reference as mentioned above | Fair value hierarchy | As at March 31, 2021 |                  | As at March 31, 2020 |                  |
|---|-----------------------------------|----------------------|----------------------|------------------|----------------------|------------------|
|   |                                   |                      | Carrying amount      | Fair value       | Carrying amount      | Fair value       |
| <b>1. Financial liabilities designated at fair value through profit and loss</b>            |                                   |                      |                      |                  |                      |                  |
| Mark to market of derivative financial instruments  | A                                 | Level 2              | 150.65               | 150.65           | 125.88               | 125.88           |
| <b>2. Financial liabilities designated at fair value through other comprehensive income</b> |                                   |                      |                      |                  |                      |                  |
| <b>3. Financial liabilities designated at amortized cost</b>                                |                                   |                      |                      |                  |                      |                  |
| a) Borrowings   | B, D                              | Level 3              | 12,021.37            | 12,021.37        | 8,351.33             | 8,351.33         |
| b) Trade payables   | D                                 | Level 3              | 3,521.43             | 3,521.43         | 3,412.26             | 3,412.26         |
| c) Other financial liabilities  | D                                 | Level 3              | 3,253.80             | 3,253.80         | 3,563.60             | 3,563.60         |
| <b>Total</b>  |                                   |                      | <b>18,947.25</b>     | <b>18,947.25</b> | <b>15,453.07</b>     | <b>15,453.07</b> |

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

### 35.0 Financial risk management

The Group realizes that risks are inherent and integral aspect of any business. The primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's senior management oversees the management of these risks.

#### The Group has exposure to the following risks (arising from financial instruments):

- Credit risk
- Liquidity risk
- Market risk

#### A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. The Group is exposed to credit risk mainly from trade receivables, loans given and other financial assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition.

Trade receivables are typically unsecured and derived from revenue earned from customers located in India and abroad. Credit risk is managed by the Group through customer assessment, credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. The Group measures the expected credit loss of trade receivables based on historical trend, industry practice and the business environment in which the entity operates. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables, loans given and other financial assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

The allowance for lifetime expected credit loss on trade receivables is as under:

(₹ in Lakh)

| Particulars                                   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Allowance for expected credit loss</b>     |                         |                         |
| Opening balance                               | 185.49                  | 310.29                  |
| Impairment loss recognized (net of reversals) | (15.11)                 | (124.80)                |
| <b>Closing balance</b>                        | <b>170.38</b>           | <b>185.49</b>           |

Loans given and other financial assets are considered to be of good quality and there is no significant credit risk.

### B. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### a) Financing arrangements

The Group believes that it has sufficient working capital to meet its current requirements. Accordingly, no liquidity risk is perceived. Further, the Group is having cash credit facilities from banks of ₹ 12,500.00 Lakh (March 31, 2020: ₹ 6,200.00 Lakh), repayable on demand which carry floating rate of interest.

#### b) Contractual maturities of financial liabilities

(₹ in Lakh)

| As at March 31, 2021                                  | 0-1 years        | 1-2 years     | 2-5 years       | More than<br>5 years | Total            |
|---|------------------|---------------|-----------------|----------------------|------------------|
| Non-current borrowings (including current maturities) | 682.68           | 682.67        | 1,988.60        | 540.90               | 3,894.85         |
| Current borrowings                                    | 8,809.20         | -             | -               | -                    | 8,809.20         |
| Trade payables  | 3,521.43         | -             | -               | -                    | 3,521.43         |
| Other financial liabilities                           | 2,721.77         | -             | -               | -                    | 2,721.77         |
| <b>Total</b>  | <b>15,735.08</b> | <b>682.67</b> | <b>1,988.60</b> | <b>540.90</b>        | <b>18,947.25</b> |

| As at March 31, 2020                                  | 0-1 years        | 1-2 years       | 2-5 years       | More than<br>5 years | Total            |
|---|------------------|-----------------|-----------------|----------------------|------------------|
| Non-current borrowings (including current maturities) | 824.19           | 1,080.69        | 2,947.22        | 1,184.73             | 6,036.83         |
| Current borrowings                                    | 3,138.69         | -               | -               | -                    | 3,138.69         |
| Trade payables  | 3,412.26         | -               | -               | -                    | 3,412.26         |
| Other financial liabilities                           | 2,865.29         | -               | -               | -                    | 2,865.29         |
| <b>Total</b>  | <b>10,240.43</b> | <b>1,080.69</b> | <b>2,947.22</b> | <b>1,184.73</b>      | <b>15,453.07</b> |

### C. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of fluctuation in market prices. These comprise three types of risk i.e., currency rate, interest rate and other price related risks. Financial instruments affected by market risk include borrowings, loans given, deposits, foreign currency receivables and payables and derivative financial instruments such as forward contracts. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Regular interaction with bankers, intermediaries and the market participants help us to mitigate such risk.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### i) Foreign currency risk

The Group is exposed to foreign currency risk through operating and financing activities in foreign currency. The Group uses derivative financial instruments, such as foreign currency sale and purchase forward contracts and currency and interest rate swap contracts, to reduce foreign currency risk exposure and follows its risk management policies.

#### Derivative financial instruments outstanding as at the reporting date

(₹ in Lakh)

| Particulars   | As at           |                 |
|---|-----------------|-----------------|
|   | March 31, 2021  | March 31, 2020  |
| a) <b>Nominal value of forward contracts</b>          |                 |                 |
| Forward contracts to sell USD                         | 148.92          | 437.43          |
| Forward contracts to sell EURO                        | -               | 253.19          |
| Forward contracts to buy EURO                         | -               | 249.36          |
| b) <b>Currency cum interest rate swap (INR/ EURO)</b> | 1,767.99        | 1,903.83        |
|   | <b>1,916.91</b> | <b>2,843.81</b> |

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

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

(₹ in Lakh)

| Particulars                      | As at March 31, 2021 |                   |                 | As at March 31, 2020 |                   |                   |
|----------------------------------|----------------------|-------------------|-----------------|----------------------|-------------------|-------------------|
|                                  | USD                  | EURO              | Total           | USD                  | EURO              | Total             |
| <b>Financial assets</b>          |                      |                   |                 |                      |                   |                   |
| Trade receivables                | 729.24               | 357.05            | 1,086.29        | 173.71               | 27.96             | 201.67            |
| <b>Financial liabilities</b>     |                      |                   |                 |                      |                   |                   |
| Trade and other payables         | (235.44)             | (3.42)            | (238.86)        | (80.83)              | (12.06)           | (92.89)           |
| Borrowings                       | -                    | (1,767.99)        | (1,767.99)      | -                    | (1,655.19)        | (1,655.19)        |
| <b>Net assets/ (liabilities)</b> | <b>493.80</b>        | <b>(1,414.36)</b> | <b>(920.56)</b> | <b>92.88</b>         | <b>(1,639.29)</b> | <b>(1,546.41)</b> |

#### Foreign currency risk sensitivity

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

(₹ in Lakh)

| Particulars                                       | As at March 31, 2021 |             | As at March 31, 2020 |              |
|---|----------------------|-------------|----------------------|--------------|
|   | 1% increase          | 1% decrease | 1% increase          | 1% decrease  |
| USD   | 4.94                 | (4.94)      | 0.93                 | (0.93)       |
| EURO  | (14.14)              | 14.14       | (16.39)              | 16.39        |
| <b>Increase / (decrease) in profit before tax</b> | <b>(9.21)</b>        | <b>9.21</b> | <b>(15.46)</b>       | <b>15.46</b> |

### ii) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligation at floating interest rates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### Exposure to interest rate risk:

| Particulars              | As at March 31, 2021 |                | As at March 31, 2020 |                |
|--------------------------|----------------------|----------------|----------------------|----------------|
|                          | (₹ in Lakh)          | % of total     | (₹ in Lakh)          | % of total     |
| Fixed rate borrowings    | 726.90               | 5.72%          | 894.83               | 9.75%          |
| Variable rate borrowings | 11,977.15            | 94.28%         | 8,280.69             | 90.25%         |
| <b>Total</b>             | <b>12,704.05</b>     | <b>100.00%</b> | <b>9,175.52</b>      | <b>100.00%</b> |

Note: The above amounts include current maturities of non-current borrowings

### Interest rate sensitivity on variable rate borrowings

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for whole of the year.

(₹ in Lakh)

| Particulars  | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| 50 basis points increase would decrease the profit before tax by | (59.89)              | (41.40)              |
| 50 basis points decrease would Increase the profit before tax by | 59.89                | 41.40                |

### 36.0 Capital risk management

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor's, creditor's and market's confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure in consonance with its long term strategic plans.

### The gearing ratio at the end of the reporting period is as under:

(₹ in Lakh)

| Particulars   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Current and non-current borrowings (including current maturities) | 12,704.05            | 9,175.52             |
| <b>Debt (A)</b>   | <b>12,704.05</b>     | <b>9,175.52</b>      |
| <b>Total equity (B)</b>   | <b>51,695.87</b>     | <b>47,748.31</b>     |
| <b>Equity and debt (C =A+B)</b>                                   | <b>64,399.92</b>     | <b>56,923.83</b>     |
| <b>Gearing ratio (A/C)</b>  | <b>19.73%</b>        | <b>16.12%</b>        |

### 37.0 Additional information on the entities forming part of consolidated financial statements as required under Schedule III of the Companies Act, 2013

#### As at and for the year ended March 31,2021

| Name of the entity in the Group        | Net Assets, i.e. total assets less total liabilities |                    | Share in profit or loss             |                    | Share in other comprehensive income             |                    | Share in total comprehensive income             |                    |
|--|--|--------------------|-------------------------------------|--------------------|---|--------------------|---|--------------------|
|  | As % of consolidated net assets                      | Amount (₹ in Lakh) | As % of consolidated profit or loss | Amount (₹ in Lakh) | As % of consolidated other comprehensive income | Amount (₹ in Lakh) | As % of consolidated total comprehensive income | Amount (₹ in Lakh) |
| <b>Holding Company</b>                 |  |                    |                                     |                    |   |                    |   |                    |
| Ganesh Ecosphere Limited               | 100.36%  | 51882.60           | 103.83%                             | 4518.64            | 100.00%   | 32.04              | 103.80%   | 4550.68            |
| <b>Indian Subsidiary</b>               |  |                    |                                     |                    |   |                    |   |                    |
| Ganesh Ecopet Private Limited          | 1.89%  | 974.78             | -0.33%                              | (14.47)            | 0.00%   | 0.00               | -0.33%  | (14.47)            |
| Ganesh Ecotech Private Limited         | 2.87%  | 1482.18            | -0.41%                              | (17.82)            | 0.00%   | 0.00               | -0.41%  | (17.82)            |
| <b>Total eliminations/ adjustments</b> | <b>-5.11%</b>  | <b>(2,643.69)</b>  | <b>-3.08%</b>                       | <b>(134.21)</b>    | <b>0.00%</b>                                    | <b>0.00</b>        | <b>-3.06%</b>                                   | <b>(134.21)</b>    |
| <b>Total</b>                           | <b>100.00%</b>                                       | <b>51695.87</b>    | <b>100.00%</b>                      | <b>4352.14</b>     | <b>100.00%</b>                                  | <b>32.04</b>       | <b>100.00%</b>                                  | <b>4384.18</b>     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

### As at and for the year ended March 31, 2020

| Name of the entity in the Group        | Net Assets, i.e. total assets less total liabilities |                    | Share in profit or loss             |                    | Share in other comprehensive income             |                    | Share in total comprehensive income             |                    |
|--|--|--------------------|-------------------------------------|--------------------|---|--------------------|---|--------------------|
|  | As % of consolidated net assets                      | Amount (₹ in Lakh) | As % of consolidated profit or loss | Amount (₹ in Lakh) | As % of consolidated other comprehensive income | Amount (₹ in Lakh) | As % of consolidated total comprehensive income | Amount (₹ in Lakh) |
| <b>Holding Company</b>                 |  |                    |                                     |                    |   |                    |   |                    |
| Ganesha Ecosphere Limited              | 100.04%  | 47,768.55          | 100.32%                             | 6,388.17           | 100.00%   | 11.80              | 100.32%   | 6,399.97           |
| <b>Indian Subsidiary</b>               |  |                    |                                     |                    |   |                    |   |                    |
| Ganesha Ecopet Private Limited         | 2.07%  | 989.25             | -0.17%                              | (10.75)            | 0.00%   | 0.00               | -0.17%  | (10.75)            |
| <b>Total eliminations/ adjustments</b> | <b>-2.11%</b>  | <b>(1,009.49)</b>  | <b>-0.15%</b>                       | <b>(9.49)</b>      | <b>0.00%</b>                                    | <b>0.00</b>        | <b>-0.15%</b>                                   | <b>(9.49)</b>      |
| <b>Total</b>                           | <b>100.00%</b>                                       | <b>47,748.31</b>   | <b>100.00%</b>                      | <b>6,367.93</b>    | <b>100.00%</b>                                  | <b>11.80</b>       | <b>100.00%</b>                                  | <b>6,379.73</b>    |

### 38.0 COVID 19 assessment

Pursuant to the lock-down imposed by the Central and State Government authorities since March 24, 2020 to contain the spread of COVID-19 outbreak, the Group's operations were suspended temporarily, which gradually resumed in a phased manner with requisite precautions and complete operations at all manufacturing locations could be resumed during July, 2020. Accordingly, consolidated financial statements for the year ended on March 31, 2021 are not comparable to corresponding previous year ended on March 31, 2020. The Company remains watchful of the potential impact of COVID-19 pandemic, particularly the current "second wave", and has taken into account the possible impact of COVID-19 in preparation of these consolidated financial statements, including the assessment of recoverable value of the assets based on internal and external information available upto the date of approval of these consolidated financial statements. The Group will continue to closely monitor any material change in future economic conditions due to prevailing pandemic situation.

### 39.0 Events occurring after the balance sheet date

The Board of Directors of the Group have recommended dividend of ₹ 2 per fully paid up equity share of ₹ 10 each, aggregating to ₹ 436.59 Lakh for the financial year 2020-21 (March 31, 2020: ₹ 2.00 per fully paid up equity share of ₹ 10 each, aggregating ₹ 436.59 Lakh). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and the actual dividend amount will be dependent on the share capital outstanding as on the relevant record date/ book closure.

**40.0** Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

For **Narendra Singhania & Co.**

Chartered Accountants  
Firm Reg. No. 009781N

**Girish Singhania**

Partner

Membership No.: 092687

Place: New Delhi  
Date: May 22, 2021

For and on behalf of the Board of Directors

**Sharad Sharma**

Managing Director  
DIN: 00383178

**Bharat Kumar Sajnani**

Company Secretary

Place: Kanpur  
Date: May 22, 2021

**Shyam Sunder Sharmma**

Chairman  
DIN: 00530921

**Gopal Agarwal**

Chief Financial Officer



## GANESHA ECOSPHERE LIMITED

CIN: L51109UP1987PLC009090

Regd. Office: Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304

E-mail :secretarial@ganashaecosphere.com, Website : www.ganashaecosphere.com

Tel. No. 0512- 2555505-06, +91-9198708383, Fax No. 0512-2555293

# NOTICE

NOTICE is hereby given that the **THIRTY-SECOND ANNUAL GENERAL MEETING** of the Members of **GANESHA ECOSPHERE LIMITED** will be held on **Saturday, the 4<sup>th</sup> day of September, 2021 at 12:15 P.M.** through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a) the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 together with the Reports of the Board of Directors and Auditors thereon; and
  - b) the Audited Consolidated Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021 and the Report of the Auditors thereon.
2. To declare Dividend on Equity Shares for financial year ended on 31<sup>st</sup> March, 2021.
3. To appoint a Director in place of Shri Vishnu Dutt Khandelwal (DIN: 00383507), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. **To ratify the remuneration of the Cost Auditors in respect of Company's product 'Yarn', for the financial year ending 31<sup>st</sup> March, 2022 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. R. M. Bansal & Co., Cost Accountants, having Firm Registration No. 000022, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the

Cost Records of the Company in respect of its product 'Yarn' for the financial year ending 31<sup>st</sup> March, 2022 amounting to ₹ 55,000/- (Rupees Fifty-five Thousand only), plus taxes as applicable and re-imburement of actual travel/ conveyance and out-of-pocket expenses incurred in connection with the aforesaid audit, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

5. **To ratify the remuneration of the Cost Auditors in respect of Company's product 'Recycled Polyester Staple Fibre', for the financial year ending 31<sup>st</sup> March, 2022 and in this regard, to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s. Rakesh Misra & Co., Cost Accountants, having Firm Registration No. 000249, appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the Cost Records of the Company in respect of its product 'Recycled Polyester Staple Fibre' for the financial year ending 31<sup>st</sup> March, 2022 amounting to ₹ 55,000/- (Rupees Fifty-five Thousand only), plus taxes as applicable and re-imburement of actual travel/ conveyance and out-of-pocket expenses incurred in connection with the aforesaid audit, as recommended by the Audit Committee and approved by the Board of Directors of the Company, be and is hereby ratified and confirmed."

**Date: 6<sup>th</sup> August, 2021**  
**Registered Office:**  
**Raipur, (Rania), Kalpi Road,**  
**Distt. Kanpur Dehat- 209304**

**By Order of the Board**  
**(Bharat Kumar Sajani)**  
**Company Secretary**

**NOTES:**

1. Considering the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its circular dated January 13, 2021 read together with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (collectively referred to as “MCA Circulars”), permitted convening the Annual General Meeting (“AGM” / “Meeting”) through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“the Act”) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company i.e. **Raipur (Rania), Kalpi Road, Distt. Kanpur Dehat (U.P.)-209304**. In accordance with the MCA Circulars, Special Business mentioned at Item Nos. 4 and 5 of the Notice are considered as unavoidable in nature by the Board of Directors of the Company.
2. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map are not annexed to this Notice.
3. Participation of members through VC / OAVM shall be counted for the purpose of reckoning the quorum of the AGM under Section 103 of the Act.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business under Item Nos. 4 and 5 as set out above is annexed hereto.
5. Corporate members are requested to send scanned copy (PDF/JPG Format) of a certified true copy of the relevant Board Resolution together with the specimen signature(s) of the representative(s) authorised under the said Board Resolution to attend the AGM through VC / OAVM and vote on its behalf through e-voting/ remote e-voting. The said resolution be sent to the Company at [secretarial@ganeshhaecosphere.com](mailto:secretarial@ganeshhaecosphere.com) with a copy marked to [admin@skylinerta.com](mailto:admin@skylinerta.com) and to the Scrutinizer at [sk\\_gupta1@rediffmail.com](mailto:sk_gupta1@rediffmail.com).
6. The Register of Members and Share Transfer books of the Company shall remain closed from **Sunday, 29<sup>th</sup> August, 2021 to Saturday, 4<sup>th</sup> September, 2021** (both days inclusive).
7. In compliance with MCA Circulars and SEBI Circular dated January 15, 2021 read with SEBI Circular dated May 12, 2020 (“collectively referred to as SEBI Circulars”), the Annual Report for F.Y. 2020-21 comprising of Financial Statements (including Board’s Report, Auditors’ report or other documents required to be attached therewith) and Notice of 32<sup>nd</sup> AGM are being sent only through electronic mode to the Members whose e-mail address is registered with the Company or the Depository Participant(s).
8. The Notice of AGM along with Annual Report for F.Y. 2020-21, is available on the website of the Company at [www.ganeshhaecosphere.com](http://www.ganeshhaecosphere.com), on the website of Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
9. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the **Company’s Registrar and Share Transfer Agent (RTA), M/s. Skyline Financial Services Private Limited** at [admin@skylinerta.com](mailto:admin@skylinerta.com). In this regard, Members are requested to submit a signed request letter mentioning their folio no., name of shareholder, address and email id along with a self-attested copy of PAN card.
10. Members holding shares in dematerialised mode are requested to register / update their email addresses with their Depository Participant(s).
11. The Dividend on Equity Shares, as recommended by Board of Directors, subject to the provisions of Section 126 of the Companies Act, 2013, if approved by the Members at the AGM, will be paid, subject to deduction of Income-Tax at source (TDS) wherever applicable, to those Members:
  - (a) whose names appear as ‘Beneficial Owners’ as at the end of the business hours on **28<sup>th</sup> August, 2021** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited, in respect of Equity Shares held in dematerialised form; and
  - (b) whose names appear on the Company’s Register of Members after giving effect to valid share transmission request(s), if any, in physical form, lodged with the Company / its RTA on or before the close of business hours on **28<sup>th</sup> August, 2021**, in respect of shares held in physical form.
12. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act,

2020 and amendments thereof. The shareholders are requested to update their Residential Status, Category as per the Income-tax Act and PAN with the Company/ RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to the Company at [secretarial@ganeshaecosphere.com](mailto:secretarial@ganeshaecosphere.com) or to its RTA at [admin@skylinerta.com](mailto:admin@skylinerta.com) by 28<sup>th</sup> August, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to the Company or its RTA at email address mentioned above. The aforesaid declarations and documents need to be submitted by the shareholders latest by **28<sup>th</sup> August, 2021**. Full details in this regard are available on the website of the Company at <http://ganeshaecosphere.com/latest-information/>.

13. Pursuant to the SEBI Listing Regulations read with SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, the Company is required to obtain the copy of PAN Card and Bank details from all the shareholders holding shares in physical form. Accordingly, in order to receive the dividend in a timely manner, members holding shares in physical form, who have not yet updated their Bank details for receiving the dividends, are requested to give their mandate for receiving dividend directly in their bank account by sending scanned copy of a duly signed request letter which shall contain shareholder's name, folio number, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) along-with the following documents at [admin@skylinerta.com](mailto:admin@skylinerta.com) by **28<sup>th</sup> August, 2021**:
- a) **Self-attested copy of PAN Card of all the holders;**
  - b) **Original cancelled cheque leaf with name of member and 11 digit IFS Code printed on it (if name is not printed, a copy of Bank Passbook/ Statement bearing name, duly attested by the Bank); and**
  - c) **Self-attested copy of address proof (viz. aadhaar, voter-id, passport, driving license, any utility bill not older than 2 months).**

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

14. Members holding shares in dematerialized form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion of their bank details. Accordingly, such Members are requested to update their Electronic Bank Mandate with their respective Depository Participant(s).
15. The Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrants/ demand drafts to such Members, subject to availability of postal services and/or courier services.
16. Members holding Shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Share Transfer Agents, M/s. Skyline Financial Services Private Limited, enclosing the Share Certificates for consolidation of their holdings into one folio.
17. The Equity Shares of the Company are compulsorily tradable in demat form. The Equity Shares of the Company have been assigned **ISIN INE845D01014**.

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

18. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web-Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please

refer to our corporate governance report forming part of Annual Report 2020-21.

19. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
20. The separate audited accounts of the subsidiary companies are placed on website of the Company at <http://ganeshaecosphere.com/subsidiary/>. Relevant documents as required by law and referred to in the Notice shall be available for inspection through electronic mode. Members may write to the Company on [secretarial@ganeshaecosphere.com](mailto:secretarial@ganeshaecosphere.com) for inspection of said documents and the same will also be available for inspection by the members during the AGM, upon Log-in at NSDL e-Voting system at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
21. Members desirous of obtaining any information/clarification concerning the Accounts and operations of the Company may send their query so as to reach the Company at least seven days before the Annual General Meeting, so that the desired information may be made available at the Annual General Meeting, if the Chairman permits to do so.
22. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Members may submit their request to the Company's Registrar & Share Transfer Agents, M/s. Skyline Financial Services Private Limited, in the prescribed Form SH-13 for nomination and Form SH-14 for cancellation/ variation in nomination already made, as the case may be. The Forms will be sent by the Company/RTA upon such request. Members holding shares in demat mode may contact their respective Depository Participant (DP) for availing this facility.
23. Non- Resident Indian Members are requested to inform immediately:
  - a) Change in their residential status on return to India for permanent settlement.
  - b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier, to Company's Registrar & Share Transfer Agent, M/s. Skyline Financial Services Private Limited, in case of shares

held in physical form and to respective Depository Participant, in case of shares held in Demat form.

#### 24. INSTRUCTIONS FOR REMOTE E-VOTING AND E-VOTING AT THE AGM:

In terms of the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, applicable Secretarial Standards, Regulation 44 of the SEBI Listing Regulations and MCA & SEBI Circulars, **the Company is pleased to provide remote e-voting facility to its Members in respect of the business to be transacted at the AGM and facility of casting vote through e-voting system during the AGM to the Members participating in the AGM.** Necessary arrangements have been made by the Company with NSDL for providing facility of voting through remote e-Voting, participation in the AGM through VC/OAVM facility and e-Voting during the AGM.

Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-Voting"). Further, the facility for voting through electronic voting system will also be made available at the Meeting and members attending the Meeting who have not cast their vote(s) by remote e-Voting will be able to vote at the Meeting.

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

|  |  |
|--|--|
| <b>Commencement of remote e-voting</b> | <b>: From 10:00 A.M. on 1<sup>st</sup> September, 2021</b> |
| <b>End of remote e-voting</b>          | <b>: Up to 5:00 P.M. on 3<sup>rd</sup> September, 2021</b> |

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

**The Cut-off date for the purpose of remote e-voting and e-voting at the Annual General Meeting is Saturday, 28<sup>th</sup> August, 2021.**

**Instructions relating to the process and manner for voting electronically are mentioned below:**

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

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

Details on Step 1 are given below:

### A. Login method for e-Voting for Individual shareholders holding securities in demat mode:

In terms of SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2020/242 dated 9th December, 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DP. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.

| Type of Shareholders   | Login Method   |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>“Beneficial Owner”</b> icon under <b>“Login”</b> which is available under <b>‘IDeAS’</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>“Access to e-Voting”</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> name and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; e-voting during the Meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select <b>“Register Online for IDeAS Portal”</b> or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon <b>“Login”</b> which is available under <b>‘Shareholder/Member’</b> section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL website wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider name i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; e-voting during the Meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>“NSDL Speede”</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> |

**NSDL Mobile App is available on**



| Type of Shareholders   | Login Method   |
|--|--|
| Individual Shareholders holding securities in demat mode with CDSL                                     | <ol style="list-style-type: none"> <li>Existing users who have opted for Easi/Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest is <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will also be able to see the e-Voting Menu. The Menu will have links of <b>e-voting service provider i.e. NSDL</b>. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/ Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>Alternatively, the user can directly access e-Voting page by providing demat account number and PAN from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the demat account. After successful authentication, user will be provided link where the e-Voting is in progress.</li> </ol> |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | <ol style="list-style-type: none"> <li>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility.</li> <li>Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL depository website after successful authentication, wherein you can see e-Voting feature.</li> <li>Click on company name or e-Voting service provider name i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; e-voting during the meeting.</li> </ol>  |

**Note:** Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

#### Helpdesk for Individual Shareholders holding securities in demat mode:

| Login type   | Helpdesk details   |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call Toll Free no.: 1800 1020 990 or 1800 22 44 30           |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or call 022-23058738 or 022-23058542-43 |

#### B. Login Method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

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

4. Your User ID details are given below :

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

5. Your password details are given below:

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

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

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) Click on "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, read & agree to "Terms and Conditions" by selecting on the check box.
  8. Now, click on the "Login" button.
  9. Then the Home page of e-Voting will open.

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this Notice:**

- a) In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [secretarial@ganeshacosphere.com](mailto:secretarial@ganeshacosphere.com).
- b) In case shares are held in demat mode, please provide DPID-CLIENT ID (16 digit DPID + CLIENT ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [secretarial@ganeshacosphere.com](mailto:secretarial@ganeshacosphere.com). If you are an Individual Shareholder holding shares in demat mode, you are requested to refer to the login method explained at **Step 1 A) Login method for e-Voting for Individual Shareholders holding securities in demat mode**.
- c) Alternatively, Shareholder/Members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

**Details on Step 2 is given below:****How to cast your vote electronically and join Annual General Meeting on NSDL e-Voting system?**

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

**General Guidelines for shareholders**

1. Institutional shareholders/ Corporate Members (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [sk\\_gupta1@rediffmail.com](mailto:sk_gupta1@rediffmail.com) with a copy marked to Company at [secretarial@ganeshaecosphere.com](mailto:secretarial@ganeshaecosphere.com) and to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 or 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

4. Members who need assistance before and during the AGM, may contact the following:

**Name & Designation:** Ms. Pallavi Mhatre, Manager-NSDL or Ms. Soni Singh, Asst. Manager- NSDL

**E-mail ID:** [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or [SoniS@nsdl.co.in](mailto:SoniS@nsdl.co.in)

**Contact No.:** 1800 1020 990 / 1800 224 430 (Toll Free)

5. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
6. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
7. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
8. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**25. INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC/OAVM:**

1. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include Large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
2. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may gain access by following the process mentioned in Step 1: Log-in to NSDL e-Voting system. After successful login, Members should click on the "VC/OAVM link" placed under "Join General Meeting" menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company is displayed.

3. Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions at the AGM with regard to any matter to be placed at the AGM, need to register themselves as a speaker and may send their questions by sending their request from registered e-mail id- mentioning their name, DP ID and Client ID / Folio number and mobile number, so as to reach the Company's email address [secretarial@ganeshaecosphere.com](mailto:secretarial@ganeshaecosphere.com) at least 48 hours in advance before the start of the AGM. The same will be replied by the Company suitably.
6. Only those Members who have registered themselves as a speaker shall be allowed to express their views/ask questions during the AGM, depending upon the availability of time.
7. The Company reserves the right to restrict the number of speakers at the AGM.

## 26. OTHER INSTRUCTIONS:

1. Members who have cast their vote by remote e-voting prior to the Meeting, may also attend the Meeting, but shall not be entitled to cast their vote again. Once a vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast vote again.
2. The voting rights of the shareholders (for voting through remote e-voting or e-voting at AGM) shall be in proportion to their shares of the paid-up equity share capital of the Company as on 28<sup>th</sup> August, 2021 (i.e. the "Cut-Off Date").
3. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting in the AGM. Any person who is not a member as on the cut-off date should treat this Notice for information purpose only.
4. Any person holding shares in physical form and non-individual Shareholders, who acquires shares of the Company and becomes members of the Company after 6<sup>th</sup> August, 2021 i.e. BENPOS date considered for dispatch of the notice and holding shares as on the cut-off date i.e. 28<sup>th</sup> August, 2021, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in./](mailto:evoting@nsdl.co.in/) to Company at [secretarial@ganeshaecosphere.com](mailto:secretarial@ganeshaecosphere.com) / its RTA at [admin@skylinerta.com](mailto:admin@skylinerta.com). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details/ Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on Toll Free No. 1800 1020 990 and 1800 22 44 30.
5. In case of Individual Shareholders holding shares in demat mode who acquire shares of the Company after 6<sup>th</sup> August, 2021 i.e. BENPOS date and are holding shares as on the Cut-off Date i.e. 28<sup>th</sup> August, 2021 may follow steps mentioned in the Notice of the AGM under "**Step 1: Log-in to NSDL e-Voting system**".
6. Mr. S. K. Gupta, Practising Company Secretary (Fellow Membership No. 2589 and Certificate of Practice No.-1920) has been appointed as the Scrutinizer and Ms. Divya Saxena (Fellow Membership No. 5639 and Certificate of Practice No.-5352) as the Alternate Scrutinizer, to scrutinize the e-voting process (remote e-voting and e-voting at AGM), in a fair and transparent manner and the Scrutinizer and the Alternate Scrutinizer have given their consent for appointment.
7. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of e-voting system for all those members who are present at the AGM through VC/ OAVM but have not cast their votes by availing the remote e-voting facility.
8. The Scrutinizer shall after the conclusion of voting at the AGM, will scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairman or any other person authorized by him, within 2 working days of conclusion of the meeting. The result declared along with the consolidated Scrutinizer's Report will be placed on the website of the Company: [www.ganeshaecosphere.com](http://www.ganeshaecosphere.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The result will simultaneously be communicated to the stock exchanges.
9. As required under SEBI Listing Regulations and Secretarial Standards-2 on General Meetings, the relevant details in respect of director seeking re-appointment under Item No. 3 of this Notice are as below:

**BRIEF PROFILE OF DIRECTOR SEEKING RE-APPOINTMENT**

|  |  |
|--|--|
| <b>Name</b>  | <b>Shri Vishnu Dutt Khandelwal (DIN: 00383507)</b>   |
| <b>Date of Birth</b>   | 6 <sup>th</sup> March, 1949  |
| <b>Date of first appointment on the Board</b>  | 30 <sup>th</sup> October, 1987   |
| <b>Qualification</b>   | M.Com.   |
| <b>Experience and Expertise in specific functional area</b>                                    | Having experience of over 48 years in trading of different types of Textile Yarns. Also has rich experience in the field of Marketing and Financial Management.  |
| <b>Terms &amp; Conditions of re-appointment</b>  | As per Company's Policy on Nomination, Remuneration and Board Diversity  |
| <b>Remuneration last drawn</b>   | As mentioned in the Corporate Governance Report (forming part of Annual Report 2020-21)  |
| <b>Other Directorships</b>   | <ul style="list-style-type: none"> <li>• Sandeep Yarns Private Limited</li> <li>• Ganesha EcoPET Private Limited</li> <li>• Ganesha Ecotech Private Limited</li> <li>• Ganesha Spinners Private Limited</li> </ul> |
| <b>Chairman/ Member of Committee of the Board of other Companies of which he is a Director</b> | NIL  |
| <b>Names of the listed entities from which he has resigned in past three years</b>             | NIL  |
| <b>Shareholding in Ganesha Ecosphere Limited</b>   | 7,20,200 Equity Shares of ₹ 10/- each.   |
| <b>Relationship with other Directors and KMPs of the Company</b>                               | As mentioned in the Corporate Governance Report (forming part of Annual Report 2020-21)  |
| <b>No. of Board Meetings attended during the financial year 2020-21</b>                        | 4 (for details please refer to the Corporate Governance Report, forming part of Annual Report 2020-21)   |

# ANNEXURE TO NOTICE

## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item Nos. 4 & 5:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the cost auditors to conduct the audit of the cost records of the Company's products 'Yarn' and 'Recycled Polyester Staple Fibre', for the financial year ending 31<sup>st</sup> March, 2022 as per the following details:

| Name of the Cost Auditor | Product                         | Audit fees (₹)  |
|--------------------------|---------------------------------|---|
| M/s. R.M. Bansal & Co.   | Yarn                            | ₹ 55,000/- (Rupees Fifty-five Thousand only) plus taxes as applicable and re-imburement of travel/ conveyance and out-of-pocket expenses incurred in connection with the Audit. |
| M/s. Rakesh Misra & Co.  | Recycled Polyester Staple Fibre | ₹ 55,000/- (Rupees Fifty-five Thousand only) plus taxes as applicable and re-imburement of travel/ conveyance and out-of-pocket expenses incurred in connection with the Audit. |

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

Accordingly, consent of the shareholders is sought for passing Ordinary Resolutions as set out at Item Nos. 4 & 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.

The Board recommends the Ordinary Resolutions set out at Item Nos. 4 & 5 of the Notice for approval by the shareholders.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolutions set out at Item Nos. 4 & 5 of the Notice.

**Date: 6<sup>th</sup> August, 2021**  
**Registered Office:**  
**Raipur, (Rania), Kalpi Road,**  
**Distt. Kanpur Dehat- 209304**

**By Order of the Board**  
**(Bharat Kumar Sajnani)**  
**Company Secretary**

## BOARD OF DIRECTORS

**Shri Shyam Sunder Sharma**  
Chairman

**Shri Vishnu Dutt Khandelwal**  
Executive Vice Chairman

**Shri Sharad Sharma**  
Managing Director & CEO

**Shri Rajesh Sharma**  
Joint Managing Director

**Shri Surendra Kumar Kabra**  
Independent Director

**Shri Pradeep Kumar Goenka**  
Independent Director

**Shri Vishwa Nath Chandak**  
Independent Director

**Shri Abhilash Lal**  
Independent Director

**Dr. Shobha Chaturvedi**  
Independent Director

**Chief Financial Officer**  
Shri Gopal Agarwal

**Company Secretary**  
Shri Bharat Kumar Sajnani

**Auditors**  
M/s. Narendra Singhania & Co.,  
Chartered Accountants, New Delhi

**Bankers**  
State Bank of India  
HDFC Bank  
Yes Bank Limited  
Axis Bank Limited  
Citi Bank N.A.

**Administrative office**  
113/216-B, Swaroop Nagar,  
Kanpur-208002, Uttar Pradesh  
Email: gesl@ganeshaecosphere.com  
Tel: +91-512-2555505-06  
Fax:+91-512-2555293

**Registered Office**  
Raipur, (Rania), Kalpi Road,  
Distt. Kanpur Dehat,  
Uttar Pradesh – 209304.  
Email : gesl@ganeshaecosphere.com  
Tel: +91-9198708383

**Works**  
**Kanpur Unit**  
Raipur, (Rania), Kalpi Road,  
Distt. Kanpur Dehat,  
Uttar Pradesh – 209304.  
**Rudrapur Unit**  
Plot No. 6, Sector -2,  
Integrated Industrial Estate,  
Pantnagar, Uttarakhand - 263153.

**Bilaspur Units**  
**a.** Khata No. 96 and 97,  
Arazi Village Kotha, Ali Nagar,  
Pargana and Tehsil Bilaspur,  
Distt. Rampur, Uttar Pradesh - 244923.  
**b.** Gata No. 112, Village Temra,  
Tehsil Bilaspur,  
Distt. Rampur, Uttar Pradesh - 244923.



GANESHA ECOSPHERE LTD.