**BOARD OF DIRECTORS**

MR. RAVINDRA KUMAR PODDAR - *Chairman and CEO - DIN : 00240643*

MR. SANJAY KUMAR OSATWAL - *Managing Director and CFO - DIN : 00248585*

DR. DILIP DATTA - *Independent Director - DIN : 00406151*

MR. PRADEEP KUMAR TRIPATHI - *Non Executive Director - DIN : 06519781*

MRS. MADHU JAIN - *Independent Director - DIN : 07129506*

**COMPANY SECRETARY**

MR. RAM KARAN GUPTA

**REGISTERED OFFICE**

CHATTERJEE INTERNATIONAL CENTRE
33A, JAWAHAR LAL NEHRU ROAD
6TH FLOOR, FLAT NO. A-1
KOLKATA 700 071
PHONE : 2226 - 6283, 2226 - 0883, 4012 - 3123
FAX : 2288-7591
E-MAIL : info@gangesjute.co.in
WEBSITE : www.gangesjute.co.in
CIN : L51909WB1916PLC002713

**MILLS**

P.O.BANSBERIA (Dist. Hooghly), W.B.

**AUDITORS**

KHANDELWAL RAY & CO.
*Chartered Accountants*

**BANKERS**

PUNJAB NATIONAL BANK
INDUSIND BANK

**REGISTRAR & TRANSFER AGENT**

NICHE TECHNOLOGIES (P) LIMITED
D-511 BAGREE MARKET
71 B.R.B. BASU ROAD
KOLKATA - 700 001
Phone : 2234-3576

# Directors' Report

**TO THE MEMBERS**

Your Directors have pleasure in presenting the 102nd Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2018.

**FINANCIAL RESULTS** **(Rs. in Lacs)**

| Particulars | 2017 - 2018 | 2016 - 2017 |
|---|---|---|
| **Revenue from Operations** | 28,286.40 | *34,106.29* |
| Operating Profit after depreciation and amortization | 457.93 | *69.32* |
| Add : Other Income | 286.16 | *425.05* |
| **Profit before Tax** | 744.09 | *494.37* |
| Tax Expenses | 248.01 | *163.73* |
| **Profit for the year** | 496.08 | *330.64* |
| Other Comprehensive Income | 0.00 | *0.00* |
| **Total Comprehensive Income for the year** | 496.08 | *330.64* |
| Retained Earnings - Opening Balance | (1,028.84) | *(1,359.48)* |
| Add / (Less) : Profit for the year | 496.08 | *330.64* |
| **Retained Earnings - Closing Balance** | (532.76) | *(1028.84)* |

The financial statements for the year ended 31st March, 2018 have been prepared in accordance with the Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. The financial statements for the year ended 31st March, 2017 have been restated in accordance with IND AS for comparative information. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 "First-time adoption of Indian Accounting Standards" with 1st April, 2016 as the transition date.

**PERFORMANCE HIGHLIGHT :**

During the year under review the Company's revenue from operations was Rs. 28,286.40 lacs (previous year Rs. 34,106.29 lacs). The Company has operational profit of Rs. 744.09 lacs before exceptional items and taxation as against operational profit Rs. 494.37 lacs in the previous year. The production during the year under review was 34,145 tonnes as compared to 41,040 tonnes in the previous year.

**DIVIDEND :**

In view of the brought forward losses, the directors do not recommend any dividend for the financial year 2017-18.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

**a) Industry Structure and Developments**

Under Jute Packaging Material (Compulsory use in packing commodities) Act, 1987 (JPMA),order for compulsory packing of food grain at 90% and sugar at 20% continues up to 30th September, 2018. We are hopeful that the Government will further extend the Order and shall maintain the existing norms of packaging without further dilution in the larger interest of the Jute Industry.

The availability of raw jute was comfortable throughout the year at reasonable price.

In promoting the exports of Jute Goods from India, Governments has increased the rate of rewards in the form of duty free scrips from 5% to 7% of realised FOB value in free foreign currency under Merchandise Exports from India Scheme (MEIS) effective from 1st November, 2017. Moreover, National Jute Board is also continuing various welfare schemes for jute mill workers, export market development assistance and incentive scheme for acquisition of plant and machinery.

In order to achieve overall growth of the Jute Industry, we are of the view that there is a need to lay thrust on manufacturing more diversified jute goods, carry out more research and development and make required capital investment as a result thereof.

**b) Opportunities and Threats**

**Opportunities**

i) Awareness to use eco-friendly, bio-degradable jute goods across the world will keep jute goods always in demand.

ii) Steps taken by the Government of India to assist the jute mills to upgrade old/obsolete machineries and to promote jute diversified products will provide opportunity to increase market of jute goods

**Threats**

i) Continuation of JPMA on periodic extension basis and its dilution.

ii) Lack of incentive to farmers to take up jute cultivation on regular basis affects the jute crop.

iii) Continuous increases in wage cost due to upward revision in base rate as well as dearness allowances is a major threat in view of the labour-intensive nature of the Jute industry.

iv) Hard work required in Jute Industry drive away new generation of workers to opt for alternate opportunities.

v) Shortage of workers posing threat to maintain stable capacity utilization.

**c) Segment-wise or Product-wise Performance**

As the Company's business activities remain with a single primary business segment of Jute goods, the disclosure requirement of IND AS 108 is not applicable.

**d) Outlook**

As of now, jute crop for the season 2018-19 appears to be lower, despite favorable weather conditions as the initial reports of sowing percentage for the new crop are not very encouraging. Moreover, the carryover from the last season would be lower than the previous year.

The cumulative effect of these adverse factors would lead to lesser availability of raw jute in the next crop year. Consequently, prices of raw jute are expected to remain higher than the previous year.

Demand of jute goods is buoyant. There has been regular flow of Government Orders. Traditional jute sacking products and exports will constitute major share in the Company’s revenue. The Company endeavors to control other input costs in all possible manners.

The Company will continue its business strategy of catering to demand from both domestic and overseas markets and will strive to control costs with focus on all round business development. Barring unforeseen circumstances, the outlook for the current year appears to be promising.

**e) Risks and Concerns**

The key elements of business risks identified by the Company and its mitigation measures are as under :

- Despite jute products being environmental friendly and enjoying statutory protection for mandatory use for specified products, alternate packaging materials like HDPE/Polypropylene are used as substitute in the packaging market due to the latter being cost effective. To mitigate this risk of using environmental harmful packaging material and to face competition effectively, the Company is making efforts to increase varied use of jute goods and explore avenues to penetrate into new markets. Besides, efforts are being made to develop lighter products of jute goods.

- The Company generates revenue from domestic as well as indirect export sales. Demand in domestic market is largely dependent on government orders. To overcome this risk, the Company is making efforts to increase its foreign customer base, focusing on manufacture of value added and diversified jute products.

- Availability of raw jute depends on crop size which in turn largely depends on weather conditions. The Company follows a policy of regular procurement of raw jute in a planned manner linked with production and order position to mitigate the risk of shortage of raw jute, if any.

- Shortage of workers and the rate of absenteeism continue to provide challenge leading to idle capacity. To mitigate such risk, the Company is continuously providing required in-house training to freshers and suitably incentivizing good performers from time to time. Besides, the Company also carries out modernization and automation of manufacturing process, wherever possible.

- New generation machinery development and modernization with latest technology are the key to survival of Jute Industry. More efforts towards research and development in this direction are required by the Jute Industry.

- There is a possibility of new wage agreement which could have financial impact on account of increase in the wage cost.

**f) Cautionary Statement**

Statement made above in this section of the report with regard to future outlook and performance is based on the prevailing industry scenario and market conditions as envisaged by the Board. Actual results may differ from those expressed in the statements.

**ENVIRONMENT AND SAFETY :**

The Company is conscious of the importance of environmentally clean and safe operations. The Company’s policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

**SHARES :**

a. **Buyback of Securities :**The Company has not bought back any of its securities during the year under review.

b. **Sweat Equity :**The Company has not issued any Sweat Equity Shares during the year under review.

c. **Bonus Shares :**No Bonus Shares were issued during the year under review.

d. **Employees Stock Option Plan :**The Company has not provided any Stock Option Scheme to the employees.

e. **Shares with Differential Rights :**No Equity Shares with differential rights were issued during the year under review.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:**
During the year under review the Company was not required to transfer any amount to Investors Education and Protection fund under Section 125(2) of the Companies Act, 2013.

**CORPORATE GOVERNANCE :**
As the paid-up Equity Share Capital of the Company is less than Rs. 10 Crores and its Networth is less than Rs.25 crores, provisions relating to Corporate Governance are not applicable to your Company. However, adequate steps have been taken for better Corporate Governance.

**CODE OF CONDUCT :**
The Company has a Code of Conduct which is applicable to directors and management personnel of the Company. The Company believes in conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and management personnel in their business dealings and in particular on matters relating integrity in the work place, in business practices and complying with applicable laws etc.

All the directors and management personnel have submitted declaration confirming compliance with the code.

**RISK MANAGEMENT POLICY :**
Pursuant to section 134(3) (n) of the Companies Act, 2013, the Board of directors of the Company has adopted a Risk Management Policy of the Company. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company has introduced several improvements to Integrated Enterprise Risk Management, Internal Controls Management and Assurance Frameworks and processes to drive a common integrated view of risks, optimal risk mitigation responses and efficient management of internal control and assurance activities. This integration is enabled by all three being fully aligned across group wide Risk Management, Internal Control and Internal Audit methodologies and processes.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY :**
The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

**PREVENTION OF INSIDER TRADING :**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

All the Board of Directors and designated employees have confirmed compliance with the Code.

**INTERNAL FINANCIAL CONTROLS :**

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

During the year the company appointed M/s Mitra Kundu & Basu, Chartered Accountants, Kolkata as an Internal Auditor. The firm is authorized by the Audit Committee to assess the adequacy and compliance of internal control process, statutory requirements etc. The Audit Committee met regularly to review reports submitted by the Internal Auditor. The Audit Committee upon discussion with Internal Auditor set up applicable control measures for the Company.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES :**

The Company has not entered into any contract or arrangement with related parties referred in the section (1) of section 188 of the Companies Act 2013 during the year under review.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013 :**

During the year, the Company has granted loan to a Company within the limit specified under Section 186 of the Companies Act, 2013. However, the Company has realised the loan given during the year and has no outstanding of loan at the year end. The Company has not given any guarantees or provided any security during the year.

**EXTRACT OF THE ANNUAL RETURN :**

The extract of the Annual Return in Form No. MGT – 9 is furnished in Annexure 'A' and is attached to this Report.

**BOARD EVALUATION :**

Pursuant to the provisions of section 134(3)(p), 178(2) of the Companies Act, 2013 read with Schedule IV; code for independent directors and Rule 8(4) of the Companies (Accounts) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee and Nomination and Remuneration Committee.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The exercise was carried out through a structured evaluation process covering various aspects of the board functioning such as composition of the board & committees, experience & competencies, performance of specific duties & obligations, attendance of the meetings, governance issues etc. Separate exercise was carried out to evaluate the performance of individual directors who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

During the year under review, Mr. P.K. Banerjee, Non-Executive Independent Director resigned from the Board of Directors of the Company w.e.f. 24th July, 2017 due to his failing health.

At the last Annual General Meeting held on 23rd September, 2017, shareholders approved the appointment of Ms. Madhu Jain as an Independent Director of the Company.

There has been no other change in the composition of the Board of Directors during the year under review.

Mr. Pradeep Kumar Tripathi (DIN No-06519781) retires at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The Company has received requisite declaration from all the Independent Directors under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as provided in sub-section (6).

As stipulated in para VII of Schedule IV the Code of Independent Directors under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, one separate meeting of independent directors was held during the year.

**NOMINATION AND REMUNERATION POLICY :**

The Nomination and Remuneration policy has been constituted mainly for the purposes of recommending the Company's policy on remuneration package for the Managing/Executive Directors, reviewing the structure, design and implementation of remuneration policy in respect of Key Management Personnel.

As a result of resignation of Mr. Pranab Kalyan Banerjee from the Board of Directors w.e.f 24th July, 2017, the Board of Directors at their meeting held on 12th August, 2017, reconstituted the Nomination & Remuneration Committee by admitting Ms. Madhu Jain as the Chairman of the Committee in place of Mr. P.K. Banerjee.

The present composition of the Nomination & Remuneration Committee is as follows:

| *Sl. No.* | *Name of the Committee Members* | *Nature of Directorship* | *Membership* |
|---|---|---|---|
| *1.* | *Ms. Madhu Jain* | *Non Executive Independent Director* | *Chairman* |
| *2.* | *Dr. Dilip Datta* | *Non Executive Independent Director* | *Member* |
| *3.* | *Mr. P K Tripathi* | *Non Executive Director* | *Member* |

Two meetings of Nomination & Remuneration Committee were held during the year on 16th May, 2017 & 13th November, 2017.

**AUDIT COMMITTEE :**

At the Board Meeting held on 12th August, 2017, the Board reconstituted the Audit Committee by admitting Ms. Madhu Jain as the member of the Audit Committee in place of Mr. P.K. Banerjee. The present composition of the Audit Committee is as follows:

| Sl. No. | Name of the Committee Members | Nature of Directorship | Membership |
|---|---|---|---|
| 1. | Dr. Dilip Datta | Non Executive Independent Director | Chairman |
| 2. | Ms. Madhu Jain | Non Executive Independent Director | Member |
| 3. | Mr. S K Osatwal | Managing Director | Member |

All the meetings of the committee were duly held and attended by the members. The recommendations of the Audit Committee have been accepted by the Board.

5 (Five) meetings of the Audit Committee were held during the year on 3rd May, 2017, 16th May, 2017, 12th August, 2017, 13th November, 2017 and 13th February, 2018.

**MANAGEMENT COMMITTEE :**

The Company has constituted a Management Committee in accordance with the terms of Rehabilitation Scheme sanctioned for monitoring the implementation of the Revival Scheme.

Mr. P.K. Banerjee ceased to be a member of the Committee on his resignation from the Board w.e.f. 24th July, 2017.

5 (Five) meetings of the Management Committee were held during the year on 3rd May, 2017, 16th May, 2017, 12th August, 2017, 13th November, 2017 and 13th February, 2018.

**STAKEHOLDER RELATIONSHIP COMMITTEE**

The Committee comprises of Mr. Pradip Kumar Tripathi, Non-Executive Director as Chairman, Mr. R.K. Poddar, Executive Director & Chairman and Mr. S.K. Osatwal, Managing Director as the members of the Committee. Meetings of the Committee were duly held during the year as and when required.

**CORPORATE SOCIAL RESPONSIBILITY**

The Board of Directors of the Company had devised a CSR Policy at its Board Meeting held on 25th July, 2014 which inter-alia states the constitution of the CSR Committee and CSR activities to be taken up by the Company.

The present constitution of the committee is as follows:

| Sl. No. | Name of the Director | Category | Designation in the Committee |
|---|---|---|---|
| 1. | Dr. Dilip Datta | Non-Executive Independent Director | Chairman |
| 2. | Mr. R K Poddar | Chairman | Member |
| 3. | Mr. S K Osatwal | Managing Director | Member |

However, CSR in terms of Section 135 of the Companies Act, 2013 is not applicable to your Company during the year under review.

**MEETINGS :**

(A) **BOARD MEETINGS :**

During the year under review, 8 (Eight) Board Meetings were held on 3rd May, 2017, 16th May, 2017, 12th August, 2017, 6th September, 2017, 13th November, 2017, 13th February, 2018, 6th March, 2018 and 27th March, 2018. The attendance of each Director is as under:

| *Sl. No.* | *Name of the Directors* | *No. of Meeting Attended* |
|---|---|---|
| *1.* | *Mr. R K Poddar* | *7* |
| *2.* | *Mr. S K Osatwal* | *7* |
| *3.* | *Dr. D Datta* | *7* |
| *4.* | *Mr. P K Banerjee* | *2* |
| *5.* | *Mr. P K Tripathi* | *8* |
| *6.* | *Ms. Madhu Jain* | *8* |

(B) **GENERAL MEETINGS :**

During the year, Annual General Meeting was held on 23rd September, 2017. No Extra-ordinary General Meeting was held during the year.

**DETAILS PERTAINING TO REMUNERATION AS 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 :**

The required details are provided in Annexure 'B' annexed to this Report.

**DISCLOSURE UNDER RULE 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 :**

The required details are provided in Annexure 'C' annexed to this Report.

**DIRECTORS RESPONSIBILITY STATEMENT :**

In terms of section 134(5) & 134 (3) (c) of the Companies Act 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards aligned with IND AS has been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments 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/loss of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SIGNIFICANT AND MATERIAL ORDERS BY REGULATORS :**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**MATERIAL CHANGES :**

There are no material changes and commitments affecting the financial position of the Company between the date of financial year of the Company and date of the report. There is no change in the nature of business of the Company.

**STATUTORY AUDITORS :**

At the 101st Annual General Meeting held on 23rd September, 2017 the members had appointed M/s Khandelwal Ray & Company, Chartered Accountants, (Firm Registration No. 302035E), as the Statutory Auditors of the Company for a period of 5 consecutive years from the conclusion of that Annual General Meeting until the conclusion of Annual General meeting to be held in 2022. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The observations on the financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

**COST AUDIT :**

In terms of section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014 on the recommendation of Audit Committee, the Board of Directors had appointed M/s D. Radhakrishnan & Co., Cost Accountants (Registration No.000018), being eligible and having sought re-appointment, as cost auditor of the Company, for a remuneration of Rs 30000/-, plus applicable taxes and re-imbursement of out of pocket expenses incurred by them to conduct an audit of the cost accounting records maintained by the Company for the current financial year beginning from 1st April, 2018 and ending on 31st March, 2019 as required in terms of directive issued by cost audit branch, Ministry of Corporate Affairs, Government of India.

As required under section 148 of the Companies Act, 2013 read with rule 14 of the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to cost auditor is being placed at the ensuing annual general meeting for ratification by the members.

M/s D. Radhakrishnan & Co., Cost Accountants, have furnished a declaration as required under section 141(3)(g) read with section 148(3) and 148(5) of the Companies Act, 2013.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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 Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure 'D' and is attached to this report.

**SECRETARIAL AUDIT :**

The Company has appointed Mr. Babu Lal Patni (FCS 2304), a Practising Company Secretary to conduct Secretarial Audit pursuant to section 204 of the Companies Act, 2013. Their report in form MR-3 is attached to this report as Annexure 'E'.

As regards his observation made in the Secretarial Audit we are to state that the necessary steps are being taken to comply with the requirements.

**SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY :**

The Company has no Subsidiary, Associate or Joint Venture Company.

**DEPOSITS :**

During the year under review, your Company did not accept any deposits within the meaning of section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

**SOCIAL OBLIGATION :**

Your Company has taken up and is constantly in touch with the various socio-economic projects for uplifting standards of living of the people in and around its estate where it operates.

**LISTING ARRANGEMENTS :**

The Equity Shares of the Company continue to be listed on the Calcutta Stock Exchange. The annual listing fees of CSE have been paid upto the date.

**GENERAL :**

Your Director further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**ACKNOWLEDGMENT :**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

By Order of the Board
**R. K. PODDAR**
Chairman and CEO
(DIN : 00240643)

Kolkata, the 30th day of July, 2018.

**ANNEXURE - "A"**

## FORM NO. MGT - 9

**Extract of Annual Return as on the Financial year ended on 31st March, 2018**

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

### 1. REGISTRATION AND OTHER DETAILS :-

| | | |
|---|---|---|
| 1. | CIN | L51909WB1916PLC002713 |
| 2. | Registration Date | 20th August,1916 |
| 3. | Name of the Company | The Ganges Manufacturing Company Limited |
| 4. | Category / Sub Category of the Company | Company limited by shares/Indian Non-Government Company |
| 5. | Address of the Registered Office and Contact details | 33A, Jawaharlal Nehru Road, Kolkata - 700 071 |
| 6. | Whether Listed Company - Yes / No | Yes |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Niche Technologies (P) Ltd<br>D-511 Bagree Market, 71, BRB Basu Road,<br>Kolkata-700001, Phone-2234-3576 |

### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :-

**All the business activities contributing 10% or more of the total turnover of the company shall be stated :-**

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ Service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Jute Products | 630510.04 | 100% |

### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :-

| Sl. No. | Name and Address of the Company | CIN / GLN | Holding/Subsidiary/ Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| NONE | | | | | |

## 4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-Wise Shareholding :-

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares | during the Year |
| **A. PROMOTERS** | | | | | | | | | |
| **1. Indian** | | | | | | | | | |
| a) Individual / HUF | 0 | 4,71,399 | 4,71,399 | 12.88% | 0 | 4,71,399 | 4,71,399 | 12.88% | 0.00% |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1)** | 0 | 4,71,399 | 4,71,399 | 12.88% | 0 | 4,71,399 | 4,71,399 | 12.88% | 0.00% |
| **2. Foreign** | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (2)** | 0 | 0 | 0 | 0.00% | 0 | 0 | 0 | 0 | 0.00% |
| **Total shareholding of Promoter (A)=(A)(1)+(A)(2)** | **0** | 4,71,399 | 4,71,399 | 12.88% | 0 | 4,71,399 | 4,71,399 | 12.88% | 0.00% |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | 35,700 | 12,290 | 47,990 | 1.31% | 35,700 | 12,290 | 47,990 | 1.31% | 0.00% |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Co. | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B) (1)** | 35,700 | 12,290 | 47,990 | 1.31% | 35,700 | 12,290 | 47,990 | 1.31% | 0.00% |

## 4. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-Wise Shareholding :-

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | %Change during the Year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of total Shares | Demat | Physical | Total | % of total Shares year | |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 0 | 28,32,886 | 28,32,886 | 77.42% | 0 | 28,32,886 | 28,32,886 | 77.42% | 0.00% |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individuals shareholders holding nominal share capital upto Rs.1 lakh | 5,830 | 2,93,601 | 2,99,431 | 8.18% | 6,028 | 2,93,403 | 2,99,431 | 8.18% | 0.00% |
| ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakh | - | - | - | - | - | - | - | - | - |
| c) Other (specify) - NRI | 0 | 7,560 | 7,560 | 0.21% | 0 | 7,560 | 7,560 | 0.21% | 0.00% |
| **Sub-total (B) (2)** | 5,830 | 31,34,047 | 31,39,877 | 85.81% | 6,028 | 31,33,849 | 31,39,877 | 85.81% | 0.00% |
| **Total Public shareholding (B)=(B)(1)+(B)(2)** | 41,530 | 31,46,337 | 31,87,867 | 87.12% | 41,728 | 31,46,139 | 31,87,867 | 87.12% | 0.00% |
| **C. Shares held by Custodian for GDRs & ADRs** | | | | | | | | | |
| **Grand Total (A+B+C)** | 41,530 | 36,17,736 | 36,59,266 | 100.00% | 41,728 | 36,17,538 | 36,59,266 | 100.00% | 0.00% |

### (ii) Shareholding of Promoters :-

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total Shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/ encumbered to total Shares | |
| 1. | Anand Chand Osatwal | 46,900 | 1.28% | 0.00 % | 46,900 | 1.28% | 0.00% | 0.00% |
| 2. | Uma Shankar Poddar | 106 | 0.00% | 0.00 % | 106 | 0.00% | 0.00% | 0.00% |
| 3. | Sudha Poddar | 100 | 0.00% | 0.00 % | 100 | 0.00% | 0.00% | 0.00% |
| 4. | Shanti Devi Poddar | 100 | 0.00% | 0.00 % | 100 | 0.00% | 0.00% | 0.00% |
| 5. | Ravindra Kumar Poddar | 1,79,054 | 4.89% | 0.00 % | 1,79,054 | 4.89% | 0.00% | 0.00% |
| 6. | Manju Poddar | 38,000 | 1.04% | 0.00 % | 38,000 | 1.04% | 0.00% | 0.00% |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of Shares of the Company | % of Shares Pledged/ encumbered to total Shares | No. of Shares | % of Shares of the Company | % of Shares Pledged/ encumbered to total Shares | |
| 7. | Suraj Poddar | 508 | 0.01% | 0.00 % | 508 | 0.01% | 0.00 % | 0.00 % |
| 8. | Sanjay Kumar Osatwal | 40,234 | 1.10% | 0.00 % | 40,234 | 1.10% | 0.00 % | 0.00 % |
| 9. | Sunil Chand Osatwal | 25,797 | 0.70% | 0.00 % | 25,797 | 0.70% | 0.00 % | 0.00 % |
| 10. | Manju Osatwal | 34,350 | 0.94% | 0.00 % | 34,350 | 0.94% | 0.00 % | 0.00 % |
| 11. | Roy Chand Osatwal | 52,100 | 1.42% | 0.00 % | 52,100 | 1.42% | 0.00 % | 0.00 % |
| 12. | Snehlata Osatwal | 42,600 | 1.16% | 0.00 % | 42,600 | 1.16% | 0.00 % | 0.00 % |
| 13. | Anuja Osatwal | 3,950 | 0.11% | 0.00 % | 3,950 | 0.11% | 0.00 % | 0.00 % |
| 14. | Debjani Osatwal | 1,500 | 0.04% | 0.00 % | 1,500 | 0.04% | 0.00 % | 0.00 % |
| 15. | Rajesh Kumar Osatwal | 4,600 | 0.13% | 0.00 % | 4,600 | 0.13% | 0.00 % | 0.00 % |
| 16. | Bimla Kumari Osatwal | 1,500 | 0.04% | 0.00 % | 1,500 | 0.04% | 0.00 % | 0.00 % |
| | Total | 4,71,399 | 12.88% | | 4,71,399 | 12.88% | | |

### (iii) Change in Promoter's Shareholding (Please specify, if there is no change) :-

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| | At the beginning of the year | There is no change in Promoter's shareholding | | | |
| | Date wise Increase/decrease in Promoters share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) | | | | |
| | At the end of the year | | | | |

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1. | Lyons Corporate Market Limited | 6,50,000 | 17.76% | 6,50,000 | 17.76% |
| 2. | Millennium Holding (P) Limited | 4,50,050 | 12.30% | 4,50,050 | 12.30% |
| 3. | Celestial Holdings (P) Limited | 4,50,000 | 12.30% | 4,50,000 | 12.30% |
| 4. | Celestial Consultants (P) Limited | 4,50,000 | 12.30% | 4,50,000 | 12.30% |
| 5. | Chariot Eximp Limited | 2,77,756 | 7.59% | 2,77,756 | 7.59% |

**(iv) Shareholding Pattern of top ten Shareholders (other than, Directors, Promoters and Holders of GDRs and ADRs) :**

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Top 10 Shareholders | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 6. | Rochak Distributors (P) Limited | 2,20,000 | 6.01% | 2,20,000 | 6.01% |
| 7. | Osatwal Jute & Gunny Sales (P) Ltd. | 2,20,000 | 6.01% | 2,20,000 | 6.01% |
| 8. | Primax Fiscal Services Limited | 1,00,000 | 2.73% | 1,00,000 | 2.73% |
| 9. | Life Insurance Corporation of India | 21,200 | 0.58% | 21,200 | 0.58% |
| 10. | Admin.of the specified Undertaking | 14,500 | 0.40% | 14,500 | 0.40% |

**(v) Shareholding of Directors and Key Managerial Personnel :**

| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | For Each of the Director and KMP | No of Shares | % of total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1. | Ravindra Kumar Poddar | 1,79,054 | 4.89% | 1,79,054 | 4.89% |
| 2. | Sanjay Kumar Osatwal | 40,234 | 1.10% | 40,234 | 1.10% |
| 3. | Ram Karan Gupta | 60 | 0.00% | 60 | 0.00% |

**5. INDEBTEDNESS :-**

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

Rupees in Lakhs

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 472.69 | 0 | 0 | 472.69 |
| ii) Interest due but not paid | 915.83 | 0 | 0 | 915.83 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total(i+ii+iii)** | **1,388.52** | **0** | **0** | **1,388.52** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 180.83 | 0 | 0 | 180.83 |
| Reduction | 0 | 0 | 0 | 0 |
| Net Change | 180.83 | 0 | 0 | 180.83 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 611.55 | 0 | 0 | 611.55 |
| ii) Interest due but not paid | 957.80 | 0 | 0 | 957.80 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| **Total(i+ii+iii)** | **1,569.35** | **0** | **0** | **1,569.35** |

## 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### (A) Remuneration to Managing Director, Whole Time Director and /or Manager :-

Rupees in Lakhs

| Sl. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | Total Amount |
|---|---|---|---|---|
| | | R K Poddar<br>Chairman and CEO | S K Osatwal<br>MD and CFO | |
| | | | | |
| 1. | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 50.83 | 58.63 | 109.46 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 8.61 | 0.44 | 9.05 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0.00 | 0.00 | 0.00 |
| 2. | Stock Option | 0.00 | 0.00 | 0.00 |
| 3. | Sweat Equity | 0.00 | 0.00 | 0.00 |
| 4. | Commission | | | |
| | - as % of Profit | 0.00 | 0.00 | 0.00 |
| | - others, specify | 0.00 | 0.00 | 0.00 |
| 5. | Others, Please specify | 0.00 | 0.00 | 0.00 |
| | **Total (A)** | **59.44** | **59.07** | **118.51** |
| | Ceiling as per the Act | | | |

### (B) Remuneration to Other Directors :

Rupees in Lakhs

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|---|---|---|---|---|---|
| 1. | Independent Directors | P K Banerjee | D Datta | Madhu Jain | |
| | Fee for attending board and committee meetings | 0.12 | 0.34 | 0.12 | 0.58 |
| | Commission | 0.00 | 0.00 | 0.00 | 0.00 |
| | Others, Please specify | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total (1) | 0.12 | 0.34 | 0.12 | 0.58 |
| 2. | Other Non - Executive Directors | P K Tripathi | Madhu Jain | | |
| | Fee for attending board and committee meetings | 0.16 | 0.10 | | 0.26 |
| | Commission | 0.00 | 0.00 | | 0.00 |
| | Others, Please specify | 0.00 | 0.00 | | 0.00 |
| | Total (2) | 0.16 | 0.10 | | 0.26 |
| | **Total (B) = (1+2)** | **0.28** | **0.44** | **0.12** | **0.84** |
| | **Total Managerial Remuneration** | | | | **119.35** |
| | Overall Ceiling as per the Act | | | | |

(*) Resigned w.e.f. 24th July, 2017.

(**) Change in designation from Non-Executive Director to Non-Executive Independent Director w.e.f. 23rd September, 2017.

**(C) Remuneration to Key Managerial Personnel other than MD / Manager / WTD :**

Rupees in Lakhs

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | |
|---|---|---|---|
| | | Ram Karan Gupta Company Secretary | Total |
| 1. | Gross Salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 2.60 | 2.60 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0.00 | 0.00 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0.00 | 0.00 |
| 2. | Stock Option | 0.00 | 0.00 |
| 3. | Sweat Equity | 0.00 | 0.00 |
| 4. | Commission | | |
| | - as % of Profit | 0.00 | 0.00 |
| | - others, specify | 0.00 | 0.00 |
| 5. | Others, Please specify | 0.00 | 0.00 |
| | Total | 2.60 | 2.60 |

**7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

| Type | Section of the Companies Act | Brief Description | Details of Penalty Punishment Compounding Fees imposed | Authority (RD/NCLT/ Court) | Appeal Made if any (give details) |
|---|---|---|---|---|---|
| A. COMPANY<br>Penalty<br>Punishment<br>Compounding | | | Nil | | |
| B. DIRECTORS<br>Penalty<br>Punishment<br>Compounding | | | Nil | | |
| C. OTHER OFFICERS IN DEFAULT<br>Penalty<br>Punishment<br>Compounding | | | Nil | | |

By Order of the Board
**R. K. PODDAR**
Chairman and CEO
(DIN : 00240643)

Kolkata, the 30th day of July, 2018.

**ANNEXURE - "B"**

**INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT,2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**(1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:**

| | |
|---|---|
| Median remuneration of all the employees of the Company for the financial year 2017-2018 | Rs.1.15 Lakhs |
| The percentage increase in the median remuneration of employees in the financial year | 8.26% |
| The Number of permanent employees on the rolls of Company as on 31st March, 2018 | 4931 |

| Name of Director/KMP | Remuneration of Director/KMP for the financial year 2017-2018 (in Lakhs) | Ratio of remuneration to median remuneration of all employees | % increase in remuneration in the financial year year 2017 - 2018 |
|---|---|---|---|
| **Non - Executive Directors** | | | |
| Mr Pradeep Kumar Tripathi | 0.16 | 0.14 : 1 | 33.33% |
| Ms Madhu Jain ***** | 0.10 | 0.09 : 1 | (16.67)% |
| **Independent Directors** | | | |
| Mr Dilip Datta | 0.34 | 0.30 : 1 | 6.25% |
| Mr Pranab Kalyan Banerjee ****** | 0.12 | 0.10 : 1 | (62.50) % |
| Ms Madhu Jain ***** | 0.12 | 0.10 : 1 | 100% |
| **Executive Directors/KMP** | | | |
| Mr Ravindra Kumar Poddar, Chairman | 59.44 | 51.73 : 1 | 40.29% |
| Mr Sanjay Kumar Osatwal, Managing Director & CFO | 59.07 | 51.41 : 1 | 41.40% |
| Mr Ram Karan Gupta, Company Secretary | 2.60 | 2.26 : 1 | 0.00% |

(*) Change in designation from Non-Executive Director to Non-Executive Independent Director w.e.f. 23rd September, 2017.

(**) Resigned w.e.f. 24th July, 2017.

Notes :

The ratio of remuneration to median remuneration is based on remuneration paid during the period 1st April 2017 to 31st March 2018.

**(2) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile made in the salaries of employees other than the Key managerial personnel in the last financial year i.e. 2017-18 was 8.26% where as the increase made in the Key managerial remuneration for the same financial year was 39.62%.

Based on performance and the industry norms for senior managerial personnel, the Nomination and Remuneration Committee had recommended higher remuneration to Chairman and Managing Director of the Company in financial year 2016 - 2017, which are within the limits as set out under section 197 and rules made there under of the Companies Act, 2013.

**(3) Remuneration is as per the remuneration policy of the Company.**

## ANNEXURE - "C"

## INFORMATION AS PER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) & 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018

A. List of top 10 Employees:-

| Name of the Employee | Designation | Remuneration Received* (Rs. in Lacs) | Nature of Employment, Whether contractual or otherwise | Qualifications and Experience | Date of Commencement of Employment | Age (Years) | Last Employment held before joining the Company | Name of the Director of the Company who is relative |
|---|---|---|---|---|---|---|---|---|
| Ravindra Kumar Poddar | Chairman | 59.44 | Contractual | B.Com, 45 Years | 07-04-1993 | 65 | Naihati Jute Mills Co. Ltd | N.A. |
| Sanjay Kumar Osatwal | MD / CFO | 59.07 | Contractual | B.Com, 32 Years | 07-04-1993 | 56 | N.A. | N.A. |
| J K Behera | General Manager | 20.83 | Contractual | B.SC (Hons), Jute Tech 37 Years | 09-04-1997 | 61 | Gondalpara Jute Mills | N.A. |
| Tapas Kundu | Chief Executive Works | 12.70 | Contractual | BSC, Jute Tech, 37 Years | 11-05-2010 | 62 | Bally Jute Co Ltd. | N.A. |
| Rakesh Kumar Jhajharia | Commerial Manager | 10.68 | Contractual | B.Com, 30 Years | 01-07-2003 | 49 | Lexus Shares & Stock Brokers (P) Limited | N.A. |
| Prabhanjana Patra | Cheif Engineer Electric | 8.85 | Contractual | Electrical Engineering (AMIE), 26 Years | 06-05-2011 | 52 | Bally Jute Co Ltd | N.A. |
| Sidhnath Goswami | Development Manager | 8.66 | Contractual | BSC, 37 Years | 28-02-2009 | 62 | Naihati Jute Mills Co. Ltd | N.A. |
| Raj Kumar Jaluka | Purchase Manager | 8.49 | Contractual | B.Com, 25 Years | 01-09-1993 | 53 | Kamharhatty Co Ltd. | N.A. |
| Vinod Kumar Khaitan | Manager EDP | 8.16 | Contractual | B.Com, 32 Years | 15-07-1993 | 58 | Auckland Jute Mills | N.A. |
| Anil Kumar Srivastav | Chief Personnel Manager | 8.03 | Contractual | B.SC, MSW, 32 Years | 01-04-2007 | 64 | Reliance Jute Mills | N.A. |

* Remuneration includes salary, allowances, bonus and value of certain perquisites evaluated on the basis of Income Tax Act and Rules.

B. There is no employee employed throughout the financial year who was in receipt of remuneration in excess of one crore and two lacs rupees per annum.

C. There is no employee employed for a part of the financial year who was in receipt of remuneration in excess of eight lacs and fifty thousand rupees per month.

By Order of the Board
**R. K. PODDAR**
Chairman and CEO
(DIN : 00240643)

Kolkata, the 30th day of July, 2018.

**ANNEXURE - "D"**

**INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES 2014 AND FORMING PART OF THE BOARD'S REPORT.**

**1. CONSERVATION OF ENERGY**

The Company during the year under review had continued its efforts in minimizing Energy Consumption by adding energy-efficient electrical gadgets and appliances. The following areas were identified to reach out to the goal of Energy Conservation for optimum operational efficiency and cost effectiveness:

i) To achieve higher Power Factor, Maximum Demand kept within limit.
ii) Introduced energy-efficient, innovative and improved Motors, Gadgets and Appliances.
iii) Utilization of Machineries and Ancillary Equipments to the optimum, ensuring downtime at barest minimum.
iv) Maintenance of all machines to make them energy efficient and minimize losses.

**2. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

Process improvement and product development is an ongoing process in the fully equipped Research & Development set up of the Company with a view to absorb the emerging technological innovations to catch up with shifting global market scenario by offering products to satisfy the preference of end users in the domestic and overseas markets.

The Company is a member of the Indian Jute Industries Research Association (IJIRA) and National Jute Board (NJB), the prime research body for the jute industry and are getting the benefits of Research and Development made by the Association. The Company contributes to the Indian Jute Research Association for research and development.

The Company is licensed to manufacture and market in overseas markets Hydro-Carbon-Free Jute Products (HCFJP) for Food Grade Jute Products (FGJP) under licence granted by IJIRA.

Technologists of the Company continued to interact with its customers and outside R&D Centers to have a track on the new products and technology for incorporating their valued suggestions in manufacturing process to establish consistency and reliability of the products quality to match with the requirement of the end-users.

3. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Continuous efforts are made not only for traditional exports but also for introduction of new products. Foreign Exchange Earnings and Outgo are as under:

| | (Rs. in Lacs) **Current Year** | *(Rs. in Lacs)* **Previous Year** |
|---|---|---|
| i) Total Foreign Exchange Used | 630.87 | *41.34* |
| ii) Total Foreign Exchange Earned | Nil | *Nil* |

By Order of the Board
**R. K. PODDAR**
Chairman and CEO
(DIN : 00240643)

Kolkata, the 30th day of July, 2018.

**ANNEXURE - "E"**

BABU LAL PATNI
COMPANY SECRETARY

51, NALINI SETT ROAD
5TH FLOOR, ROOM NO 19
KOLKATA – 700 007
TEL NO: 2259-7715/6
Mail id: patnibl@yahoo.com

**FORM No MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**The Ganges Manufacturing Co Ltd**
33A, Jawahar Lal Nehru Road
Kolkata-700071

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Ganges Manufacturing Co Ltd (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of The Ganges Manufacturing Co Ltd'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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Ganges Manufacturing Co Ltd ("the company") for the financial year ended on 31st March, 2018 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;
ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period).
v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');.

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period).

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the Audit Period).

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period).

f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period).

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period).

vi) The other laws that are applicable and complied by the Company are:

i) The Jute Packaging Materials Act, 1987

ii) The Essential Commodities Act, 1955

I have also examined compliance with the applicable clauses of the following:

i) Secretarial Standards issued by The Institute of Company Secretaries of India.

ii) Listing Agreement entered into by the Company with the Calcutta Stock Exchange.

iii) Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements)Regulations,2015.

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

**The Company has not complied with some of the provisions of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992.**

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board 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.

Majority decision is carried through while the dissenting member views, if any, are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and process in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the Audit period there was no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., referred to above.

**Place: Kolkata**
**Dated: 2nd May, 2018**

**Name of the Company**
**Secretary in practice: BABU LAL PATNI**
**FCS No : 2304**
**C.P.No. : 1321**

**Note:**
This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

BABU LAL PATNI
COMPANY SECRETARY

51, NALINI SETT ROAD
$5^{TH}$ FLOOR, ROOM NO 19
KOLKATA – 700 007
TEL NO: 2259-7715/6
Mail id: patnibl@yahoo.com

**'Annexure A'**

To,
The Members,
**The Ganges Manufacturing Co Ltd**
33A, Jawahar Lal Nehru Road
Kolkata-700071

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.

**Place: Kolkata**
**Dated: 2nd May, 2018**

**Name of the Company**
**Secretary in practice: BABU LAL PATNI**
**FCS No : 2304**
**C.P.No. : 1321**

# INDEPENDENT AUDITORS' REPORT

**To The Members of The Ganges Manufacturing Company Limited**

## Report on the Ind AS Financial Statements

**1.** We have audited the accompanying Ind AS financial statements of The Ganges Manufacturing Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, which we have signed under reference to this report. According to information and explanations given to us there was no material Other Comprehensive Income of the Company during the year under report.

## Management's Responsibility for the Ind AS Financial Statements

**2.** The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Rule 4 of the Companies (Indian Accounting Standard) Rules 2015.

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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls with reference to financial statements, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

**3.** Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

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

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

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

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

**Basis for Qualified Opinion**

**8.** *We report that No Provision has been made on account of :*

*Unprovided Accrued Gratuity and Leave Encashment liabilities upto 31st March 2018 aggregating to Rs. 2765.40 lakhs (net of Provisions of Rs. 2220.69 lakhs) based on actuarial valuation, as against Rs. 2832.81 lakhs upto 31st March 2017, which is not in compliance with the requirement of Ind AS 19. (Refer Note no 42.2 in Notes to the Financial Statements)*

*Effect of the forgoing to the extent determinable is that liabilities are understated by Rs.2765.40 lakhs with corresponding effect of overstatement of Other Equity to the same extent and understatement of total comprehensive income for the year to the extent of Rs. 67.41 lakhs.*

**Qualified Opinion**

**9.** *In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements, except stated in the basis of qualification above, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its total comprehensive income, its cash flows and the changes in equity for the year ended on that date. According to information and explanations given to us there was no material Other Comprehensive Income of the Company during the year under report.*

**Other Matter**

**10.** The corresponding financial information of the Company as at and for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements for the years ended 31st March, 2017 and 31st March, 2016, respectively, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, on which an unmodified qualified opinion was expressed vide their audit report dated 16th May, 2017 and 1st August, 2016 respectively which is also explained in Note No. 51 to the attached financial statements. These financial statements have been adjusted for differences in accounting principles to comply with the requirements under Ind AS and such adjustments on transition to Ind AS approved by the Company's Board of Directors have been audited by us.

**Report on Other Legal and Regulatory Requirements**

**11.** As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

**12.** 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. According to information and explanations given to us there was no material Other Comprehensive Income of the Company during the year under report.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 *except Ind AS 19 as stated above*.

e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) Our report on adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, has been given in Annexure "B".

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

   i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. (Refer Note no. 37 in Notes to the Financial Statements).

   ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For KHANDELWAL RAY & CO.
*Chartered Accountants*
*(Registration No. 302035E)*

64/55 B, Belgachia Road
Kolkata - 700 037
The 30th day of May, 2018

SUPRIYO RAYCHAUDHURI
*Partner*
*Membership No. 037202*

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 11 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to Statutory Audit of The Ganges Manufacturing Company Limited for the year ended 31st March, 2018)

We report that:

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.

   (b) There is a regular program of physical verification of the fixed assets by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year as compared to book records.

   (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.

ii) Physical verification of inventory has been conducted at periodical intervals during the year by the management and in our opinion the frequency of verification is reasonable. According to the information and explanation given to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records.

iii) The Company has not granted any loans during the year to the parties covered in the register maintained under section 189 of the Companies Act. Accordingly the provisions of paragraph 3(iii)(a),3(iii)(b) and 3(iii)(c) of the order are not applicable.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans and investments made.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public during the year. Accordingly, clause 3(v)(a),3(v)(b)and 3(v)(c) of the order are not applicable to the Company.

vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013. We are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the same.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, service tax, goods and service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, goods and service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

(b) The following statutory dues on account of Value Added Tax, Central Sales Tax, and Excise Duty were not deposited on account of dispute as on 31$^{st}$ March, 2018 :-

| Sl. No. | Name of the Statue | Nature of Dues | Amount Rs. in Lakhs | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| **1.** | Central Excise Act, 1944 | EXCISE DUTY | 37.74 | 28-09-1996 To 28-02-1997 | Customs, Excise & Service Tax Appellate Tribunal |
| | | EXCISE DUTY & PENALTY | 6,323.01 | March 2011 to February 2013 | Calcutta High Court |
| **2.** | West Bengal VAT Act, 2003 | VAT & INTEREST | 0.09 | 31-03-2009 | Sales Tax Taxation Tribunal |
| | | | 31.74 | 31-03-2011 | Sales Tax Revision Board |
| | | | 29.46 | 31-03-2012 | Sales Tax Revision Board |
| | | | 33.55 | 31-03-2013 | Sales Tax Revision Board |
| | | | 14.97 | 31-03-2014 | Sales Tax Revision Board |

| | | | | | |
|---|---|---|---|---|---|
| **3.** | Central Sales Tax Act, 1956 | SALES TAX & INTEREST | 8.36 | 31-03-2008 | Sales Tax Revision Board |
| | | | 14.76 | 31-03-2009 | Sales Tax Revision Board |
| | | | 10.96 | 31-03-2011 | Sales Tax Revision Board |
| | | | 20.39 | 31-03-2012 | Sales Tax Revision Board |
| | | | 28.69 | 31-03-2013 | Sales Tax Revision Board |
| | | | 17.50 | 31-03-2014 | Sales Tax Revision Board |
| | | | 13.88 | 31-03-2015 | Sales Tax Revision Board |

viii) *Based on the information and explanations given to us, the Company has defaulted in repayment of loans of Rs.472.69 lakhs (excluding interest of Rs.957.19 lakhs) taken from Government of West Bengal. (Refer Note No. 25(i) & (ii) in Notes to the Financial Statements).*

ix) The Company had raised money during the year by way of term loans and the same has been applied for the purpose for which it was raised. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

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

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) 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 directors or persons connected with them.

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

For KHANDELWAL RAY & CO.
*Chartered Accountants*
*(Registration No. 302035E)*

64/55 B, Belgachia Road
Kolkata - 700 037
The 30th day of May, 2018

SUPRIYO RAYCHAUDHURI
*Partner*
*Membership No. 037202*

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls with reference to financial statements of The Ganges Manufacturing Company Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

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

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements 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 KHANDELWAL RAY & CO.
*Chartered Accountants*
*(Registration No. 302035E)*

64/55 B, Belgachia Road
Kolkata - 700 037
The 30th day of May, 2018

SUPRIYO RAYCHAUDHURI
*Partner*
*Membership No. 037202*

# THE GANGES MANUFACTURING COMPANY LIMITED

## Balance Sheet as at 31st March, 2018

Rupees in Lakhs

| Particulars | Notes | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| a) Property, Plant & Equipment | **6** | 1,537.76 | 1,343.98 | 1,451.56 |
| b) Capital Work in Progress | **6** | 320.46 | 82.11 | 114.31 |
| c) Financial Assets | | | | |
| i) Investments | **7** | 0.06 | 0.06 | 0.06 |
| ii) Other Financial Assets | **8** | 281.04 | 23.67 | 27.24 |
| d) Non-Current Tax Assets (Net) | **9** | 83.14 | 70.49 | 56.98 |
| e) Other Non Current Assets | **10** | 92.56 | 96.43 | 62.42 |
| **Total Non - Current Assets** | | **2,315.02** | **1,616.74** | **1,712.57** |
| **Current Assets** | | | | |
| a) Inventories | **11** | 5,043.57 | 2,334.93 | 4,714.19 |
| b) Financial assets | | | | |
| i) Trade Receivables | **12** | 3,314.18 | 1,387.17 | 2,420.96 |
| ii) Cash and Cash Equivalents | **13** | 98.50 | 171.73 | 137.33 |
| iii) Other Financial Assets | **14** | 5.45 | 21.27 | 215.37 |
| c) Current Tax Assets (Net) | **15** | 4.51 | 31.41 | 13.77 |
| d) Other Current Assets | **16** | 234.55 | 201.36 | 149.38 |
| **Total Current Assets** | | **8,700.76** | **4,147.87** | **7,651.00** |
| **Total Assets** | | **11,015.78** | **5,764.61** | **9,363.57** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| a) Equity Share Capital | **17** | 365.93 | 365.93 | 365.93 |
| b) Other Equity | **18** | (388.01) | (884.09) | (1,214.73) |
| **Total Equity** | | **(22.08)** | **(518.16)** | **(848.80)** |
| **LIABILITIES** | | | | |
| **Non-Current Liabilities** | | | | |
| a) Financial Liabilities | | | | |
| i) Borrowings | **19** | 65.18 | 0.00 | 0.00 |
| ii) Other Financial Liabilities | **20** | 2.26 | 2.26 | 1.46 |
| b) Provisions | **21** | 2,220.69 | 2,220.69 | 2,220.69 |
| c) Deferred Tax Liabilities (Net) | **22** | 197.41 | 209.28 | 240.03 |
| d) Other Non-Current Liabilities | **23** | 31.43 | 54.27 | 81.61 |
| **Total Non-Current Liabilities** | | **2,516.97** | **2,486.50** | **2,543.79** |
| **Current Liabilities** | | | | |
| a) Financial Liabilities | | | | |
| i) Trade Payables | **24** | 4,859.24 | 574.77 | 4,618.14 |
| ii) Other Financial Liabilities | **25** | 3,242.02 | 2,923.13 | 2,888.72 |
| b) Other Current Liabilities | **26** | 419.63 | 298.37 | 161.72 |
| **Total Current Liabilities** | | **8,520.89** | **3,796.27** | **7,668.58** |
| **Total Liabilities** | | **11,037.86** | **6,282.77** | **10,212.37** |
| **Total Equity and Liabilities** | | **11,015.78** | **5,764.61** | **9,363.57** |

The Notes are integral part of the financial statements.

In terms of our Report of even date
For KHANDELWAL RAY & CO.
Chartered Accountants
Registration No. 302035E
Supriyo Raychaudhuri
Partner, Membership No. 037202
Kolkata, The 30th day of May, 2018.

Ravindra Kumar Poddar
Chairman and CEO
(DIN : 00240643)

Sanjay Kumar Osatwal
Managing Director and CFO
(DIN : 00248585)

Dilip Datta
Director
(DIN : 00406151)

Madhu Jain
Director
(DIN : 07129506)

Ram Karan Gupta
Secretary

# Statement of Profit & Loss For The Year Ended 31st March, 2018

Rupees in Lakhs

| PARTICULARS | Notes | For the year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|---|---|---|
| Revenue from operations | **27** | 28,286.40 | 34,106.29 |
| Other income | **28** | 286.16 | 425.05 |
| **Total Income** | | **28,572.56** | **34,531.34** |
| **EXPENSES** | | | |
| Cost of materials consumed | **29.1** | 16,674.49 | 22,445.70 |
| Purchase of Traded Goods | **29.2** | 959.62 | 0.00 |
| Changes in inventories | **30** | (350.15) | 611.56 |
| Employees benefit expense | **31** | 6,899.71 | 7,620.93 |
| Finance Cost | **32** | 50.61 | 41.37 |
| Depreciation and amortization expenses | **33** | 258.83 | 242.96 |
| Other Expenses | **34** | 3,335.36 | 3,074.45 |
| **Total Expenses** | | **27,828.47** | **34,036.97** |
| **Profit/(Loss) Before Tax** | | **744.09** | **494.37** |
| **Tax Expenses** | | | |
| a) Current Tax Expenses | **35** | 257.53 | 193.86 |
| b) Deferred Tax Expense / (Credit) | **35** | (11.87) | (30.75) |
| c) Income Tax for Earlier Years | **35** | 2.35 | 0.62 |
| **Total Tax Expense** | | **248.01** | **163.73** |
| **Profit/(Loss) for the year** | | **496.08** | **330.64** |
| Other Comprehensive income for the year | | 0.00 | 0.00 |
| **Total Comprehensive income for the year** | | **496.08** | **330.64** |
| Earnings Per Share of Rs.10/- each - Basic and Diluted | **36** | 13.56 | 9.04 |

The Notes are integral part of the financial statements.

In terms of our Report of even date
For KHANDELWAL RAY & CO.
Chartered Accountants
Registration No. 302035E
Supriyo Raychaudhuri
Partner, Membership No. 037202
Kolkata, The 30th day of May, 2018.

Ravindra Kumar Poddar
Chairman and CEO
(DIN : 00240643)

Sanjay Kumar Osatwal
Managing Director and CFO
(DIN : 00248585)

Dilip Datta
Director
(DIN : 00406151)

Madhu Jain
Director
(DIN : 07129506)

Ram Karan Gupta
Secretary

THE GANGES MANUFACTURING COMPANY LIMITED

# Statement of Changes in Equity for the year ended 31st March 2018

Rupees in Lakhs

**a) Equity share capital**

| | |
|---|---|
| Balance as at 1st April 2016 | 365.93 |
| Changes in equity share capital during the year | 0.00 |
| Balance as at 31st March 2017 | 365.93 |
| Changes in equity share capital during the year | 0.00 |
| Balance as at 31st March 2018 | 365.93 |

**b) Other equity**

| Particulars | Capital Reserve | Retained Earnings | Total |
|---|---|---|---|
| **Balance as at 1st April, 2016** | **144.75** | **(1,359.48)** | **(1,214.73)** |
| Profit for the year | 0.00 | 330.64 | 330.64 |
| **Total comprehensive income** | **0.00** | **330.64** | **330.64** |
| **Balance as at 31st March, 2017** | **144.75** | **(1,028.84)** | **(884.09)** |

| Particulars | Capital Reserve | Retained Earnings | Total |
|---|---|---|---|
| **Balance as at 1st April, 2017** | **144.75** | **(1,028.84)** | **(884.09)** |
| Profit for the year | 0.00 | 496.08 | 496.08 |
| **Total comprehensive income** | **0.00** | **496.08** | **496.08** |
| **Balance as at 31st March, 2018** | **144.75** | **(532.76)** | **(388.01)** |

The Notes are integral part of the financial statements.

In terms of our Report of even date
For KHANDELWAL RAY & CO.
Chartered Accountants
Registration No. 302035E
Supriyo Raychaudhuri
Partner, Membership No. 037202
Kolkata, The 30th day of May, 2018.

Ravindra Kumar Poddar
Chairman and CEO
(DIN : 00240643)

Sanjay Kumar Osatwal
Managing Director and CFO
(DIN : 00248585)

Dilip Datta
Director
(DIN : 00406151)

Madhu Jain
Director
(DIN : 07129506)

Ram Karan Gupta
Secretary

# Cash Flow Statement For The Year Ended 31st March, 2018

Rupees in Lakhs

| | | For the year ended 31st March 2018 | | For the year ended 31st March 2017 |
|---|---|---|---|---|
| **A. Cash Flow from Operating Activities** | | | | |
| Net Profit / Loss Before Tax | | 744.09 | | 494.37 |
| Adjustment for | | | | |
| - Depreciation and amortisation expenses | 258.83 | | 242.96 | |
| - Unrealised foreign exchange (gain)/loss | 0.00 | | 0.00 | |
| - Income from Deferred Government Grant | (27.34) | | (32.45) | |
| - (Profit)/Loss on Sale of Property, Plant and equipment (net) | (37.28) | | (18.90) | |
| - Interest Income | (197.63) | | (337.06) | |
| - Finance Cost | 50.61 | 47.19 | 41.37 | (104.08) |
| Operating profit before working capital changes | | 791.28 | | 390.29 |
| Adjustment for | | | | |
| - (Increase)/decrease in inventories | (2,708.64) | | 2,379.26 | |
| - (Increase)/decrease in trade receivable | (1,927.01) | | 1,033.79 | |
| - (Increase)/decrease in other financial assets | (241.55) | | 197.67 | |
| - (Increase)/decrease in in other assets | (15.07) | | (117.14) | |
| - Increase/(decrease) in trade payables | 4,284.47 | | (4,043.37) | |
| - Increase/(decrease) in other financial liabilities | 318.89 | | 35.21 | |
| -Increase/(decrease) in provisions | 0.00 | | 0.00 | |
| - Increase/(decrease) in other liabilities | 125.76 | (163.15) | 141.76 | (372.82) |
| Cash generated from operations | | 628.13 | | 17.47 |
| Direct Taxes Paid | | (259.88) | | (194.48) |
| Net Cash from Operating Activities | | 368.25 | | (177.01) |
| **B. Cash Flow From Investing Activities** | | | | |
| Purchase of Property, Plant & Equipment (including changes in capital work in progress, capital advances / creditors) | | (694.78) | | (103.28) |
| Deferred Government Grant received | | 0.00 | | 0.00 |
| Sale of property, plant & equipment | | 41.10 | | 19.00 |
| Interest Received | | 197.63 | | 337.06 |
| Net cash (used in) Investing Activities | | (456.05) | | 252.78 |
| **C. Cash Flow from financing activities** | | | | |
| Proceeds from Non-Current borrowings (net) | | 65.18 | | 0.00 |
| (Repayment of)/Proceeds from current borrowings (net) | | 0.00 | | 0.00 |
| Interest and other finance charges paid | | (50.61) | | (41.37) |
| Net Cash (used in)/from financing activities | | 14.57 | | (41.37) |
| Net increase /(decreases) in cash and cash equivalents (A+B+C) | | (73.23) | | (34.40) |
| Cash and cash equivalents (Opening Balance) | | 171.73 | | 137.33 |
| Cash and cash equivalents (Closing Balance) (Refer Note -13) | | 98.50 | | 171.73 |
| **Notes :** | | | | |
| 1. Cash and Cash equivalents included in the cash flow statement comprise the following balance sheet amounts : | | | | |
| Balances with banks | | | | |
| - In current accounts | | 26.82 | | 115.19 |
| Cheques, Draft on Hand | | 31.69 | | 15.69 |
| Cash on hand | | 39.99 | | 40.85 |
| Cash and Cash equivalents (closing balance) | | 98.50 | | 171.73 |

2. The above cash flow statement has been prepared under“Indirect Method” as set out in Ind AS - 7, “Statement of Cash Flows”.

The Notes are integral part of the financial statements.

In terms of our Report of even date
For KHANDELWAL RAY & CO.
Chartered Accountants
Registration No. 302035E
Supriyo Raychaudhuri
Partner, Membership No. 037202
Kolkata, The 30th day of May, 2018.

Ravindra Kumar Poddar
Chairman and CEO
(DIN : 00240643)

Sanjay Kumar Osatwal
Managing Director and CFO
(DIN : 00248585)

Dilip Datta
Director
(DIN : 00406151)

Madhu Jain
Director
(DIN : 07129506)

Ram Karan Gupta
Secretary

# Notes to the Financial Statements For the Year ended 31st March 2018

## 1 CORPORATE AND GENERAL INFORMATION

The Ganges Manufacturing Company Limited is a listed Public Limited Company incorporated in India. The Company has its registered office at Chatterjee International Centre 33A, Jawahar Lal Nehru Road, 6th Floor, Flat No. A-1, Kolkata -700071

The Company manufactures jute products with flexibility to cater to both domestic and international market.

## 2 BASIS OF ACCOUNTING

### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements for all the periods up to and including the year ended 31st March, 2017, were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India, which includes the accounting standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and other provisions of the Act (collectively referred to as "Indian GAAP"). These financial statements for the year ended 31st March, 2018 are the first Ind AS compliant Financial Statements with comparatives, prepared under Ind AS. The Company has consistently applied the accounting policies used in the preparation of its opening Ind AS Balance Sheet as at 1st April, 2016 throughout all periods presented, as if these policies had always been in effect and are covered by Ind AS 101 "First Time Adoption of Indian Accounting Standards".

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note No. 51. Company's certain Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arising from events and transactions before the date of transition to Ind-AS were recognised directly through retained earnings / other equity as at 1st April, 2016 as required by Ind- AS 101.

### 2.2 Basis of Measurement

The financial statements have been prepared on historical cost convention.

### 2.3 Functional and Presentation Currency

The financial statements have been presented in Indian Rupees, which is also the Company's functional currency. All financial information presented in Rupees has been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

### 2.4 Use of Estimates and Judgements

The preparation of financial statements require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/ materialised.

### 2.5 Current Vs Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

## Notes to the Financial Statements For the Year ended 31st March 2018

A liability is classified as current when:

- It is expected to be settled in normal operating cycle which is not more than 12 months;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities respectively.

**3. SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies applied in the preparation of the financial statements are given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

**3.1 Inventories**

- Raw materials, stores and spares and loose tools are valued at lower of cost and net realisable value. Cost includes cost of purchase, non-refundable taxes and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.
- Finished goods are valued at lower of cost and net realisable value. Process stock is valued at cost. Finished goods and Process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on weighted average basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.
- Adequate provision is made for obsolete and slow-moving stocks, wherever necessary.

**3.2 Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

**3.3 Income Tax**

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

a) **Current Tax**

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities based on tax rates and tax laws that have been enacted or substantively enacted, at the end of the reporting period.

b) **Deferred Tax**

- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
- Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognised for carry forward of unused tax losses and unused tax credits.
- Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.
- The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

## Notes to the Financial Statements For the Year ended 31st March 2018

- Deferred tax relating to items recognised outside the statement of profit and loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.
- Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### 3.4 Property, Plant and Equipment

a) **Recognition and Measurement**

- Property, plant and equipment held for use in the production or/and supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost, less any accumulated depreciation/amortisation and accumulated impairment losses (if any).
- Cost of an item of property, plant and equipment acquired comprises its purchase price, including non-refundable import duties and taxes, after deducting any trade discounts and rebates, borrowing cost, if capitalisation criteria is met and any directly attributable costs of bringing the assets to its working condition and location for its intended use.
- In case of self-constructed assets, cost includes the costs of all materials used in construction and direct labour incurred in bringing the item to working condition for its intended use.
- If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
- Profit or loss arising on the disposal of property, plant and equipment are recognised in the statement of profit and loss.

b) **Subsequent Expenditure**

- Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the cost incurred 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.

c) **Depreciation and Amortisation**

- Depreciation on property, plant and equipment is provided on straight line method at the rates determined based on the useful lives of respective assets as prescribed in the Schedule II of the Act.
- Depreciation on additions (disposals) during the year is provided on a pro-rata basis i.e., from (up to) the date on which asset is ready for use (disposed of).
- Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

d) **Disposal of Assets**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

e) **Capital Work-in-Progress**

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production. Advances given towards acquisition or construction of property, plant and equipment outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets".

## Notes to the Financial Statements For the Year ended 31st March 2018

### 3.5 Revenue Recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.
- The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

a) **Sale of Goods**
Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from the sale of goods is measured at the fair value of the consideration received or receivables, net of returns and allowances, trade discounts and volume rebates.

b) **Dividend Income**
Dividend income from investments is recognised when the Company's right to receive payment has been established.

c) **Other Operating Revenue**
Export incentives are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the incentive will be received.

### 3.6 Employee Benefits

a) **Short Term Employee Benefits**
Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve 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.

b) **Other Long Term Employee Benefits**
The liabilities for earned leaves that are not expected to be settled wholly within twelve months are measured as the present value of the 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 rate of Government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation. Remeasurements as the result of experience adjustment and changes in actuarial assumptions are recognised in the statement of profit and loss.

c) **Post-Employment Benefits**
- Liability on account of Gratuity for employees already retired are accounted for on accrual basis in the year of retirement.
- Gratuity and leave benefits in respect of existing employees are determined on the basis of actuarial valuation at the end of the year as mentioned hereinafter. Unprovided liability on this account, if any, is disclosed by way of notes.
- Leave Encashment benefits – Accumulated leave are not generally allowed to be encashed as a matter of policy of the Company. However, in exceptional cases at the discretion of the management leave encashment is granted and the same is accounted for as and when paid.

## Notes to the Financial Statements For the Year ended 31st March 2018

The Company operates the following post-employment schemes:

- **Defined Benefit Plans**

  The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

  The liability recognised for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the rate of Government securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of related obligation.

- **Defined Contribution Plan**

  Defined contributions to Provident Fund, Pension Scheme and Employees' State Insurance Scheme are defined contribution schemes and are charged to the statement of profit and loss of the year. The Company makes specified monthly contributions towards employees provident fund to a trust administered by the Company as well as to provident fund plan operated by the Regional Provident Fund Commissioner. The minimum rate of interest which is payable every year by the trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

**3.7 Government Grants**

Government grants (capital incentives) are recognised at their fair values when there is reasonable assurance that the grants will be received and the Company will comply with all the attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed or netted off with related expenses. Grants (capital incentives) related to purchase of property, plant and equipment are included in non-current liabilities as "Deferred government grants" and are credited to profit or loss under the head "Deferred Government Grant Allocation Account" on a straight line basis over the expected useful life of the related asset and presented within other operating revenue.

**3.8 Foreign Currency Transactions**

- Foreign currency transactions are translated into the functional currency using the rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognised in profit or loss in the year in which they arise except for acquisition of capital assets.

**3.9 Borrowing Cost**

- Borrowing Costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset upto the period of time to complete and prepare the asset for its intended use.
- All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**3.10 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Notes to the Financial Statements For the Year ended 31st March 2018

a) **Financial Assets**

- **Recognition and Initial Measurement:**
  All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

- **Classification and Subsequent Measurement:**
  For purposes of subsequent measurement, financial assets are classified in four categories:
  - ➢ Measured at amortised cost;
  - ➢ Measured at fair value through other comprehensive income (FVTOCI);
  - ➢ Measured at fair value through profit or loss (FVTPL); and
  - ➢ Equity Instruments measured at fair value through other comprehensive income (FVTOCI).
    Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets

➢ Measured at amortised cost
A financial asset is measured at the amortised cost if both the following conditions are met:
- The asset is held within a business model whose objective is achieved by both collecting 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 (SPPI) on the principal amount outstanding.
  After initial measurement, such financial assets are subsequently measured at amortised cost.

➢ Measured at FVTOCI
A financial asset is measured at the FVTOCI if both the following conditions are met:
- The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.
  Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on Remeasurements recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognised in the statement of profit and loss in interest income. Where the asset is disposed of, the cumulative gain or loss previously accumulated in other comprehensive income reserve is transferred in the statement of profit and loss.

➢ Measured at FVTPL
FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Company may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. Financial asset included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. Interest /dividend income on financial instruments measured at FVTPL are presented separately under other income.

➢ Equity Instruments measured at FVTOCI
All equity investments in scope of Ind AS – 109 are measured at fair value. Equity instruments which are,held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. In case the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no reclassification of the amounts from OCI to the statement of profit and loss, even on sale of investment.

- **Derecognition**
  The Company derecognises a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

## Notes to the Financial Statements For the Year ended 31st March 2018

- **Impairment of Financial Assets**

  The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) **Financial Liabilities**

- **Recognition and Initial Measurement**

  Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- **Subsequent Measurement**

  Financial liabilities are measured subsequently at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on Derecognition is also recognised in profit or loss.
- **Derecognition**

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.
- **Offsetting Financial Instruments**

  Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

**3.11 Impairment of Non-Financial Assets**

- The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its estimated/ assessed recoverable value.
- An impairment loss is recognised as an expense in the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting period is reversed if there has been an improvement in recoverable amount.

**3.12 Provisions, Contingent Liabilities and Contingent Assets**

a) **Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

b) **Contingent Liabilities**

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in other notes to financial statements.

c) **Contingent Assets**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised though are disclosed, where an inflow of economic benefits is probable.

## Notes to the Financial Statements For the Year ended 31st March 2018

**3.13 Earnings Per Share:**

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

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

**3.14 Cash dividend distribution to equity holders**

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**3.15 Measurement of Fair Values**

A number of the accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices 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 or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

**3.16 New Standards / Amendments to Existing Standard issued but not yet effective upto the date of issuance of the Company's financial statements are disclosed below.**

On 28th March, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - revenue from contracts with customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company w.e.f. 1st April 2018.

- Ind AS 115-Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers. The principle of Ind AS 115 is that an entity should recognise revenue that demonstrates the transfer of promised goods and services to the customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

Based on preliminary assessment performed by the Company, the impact of the application of the standard is not expected to be material.

- Amendment to existing issued Ind AS:
  - Ind AS 12 - Income Taxes;
  - Ind AS 21 - The Effects of Changes in Foreign Exchange Rates;
  - Ind AS 112 - Disclosure of Interests in Other Entities.

The impact of the above standards on the financial statements, as assessed by the Company, is not expected to be material.

# Notes to the Financial Statements For the Year ended 31st March 2018

**4. Rounding of Amounts**

All amounts disclosed in financial statements and notes have been rounded off to nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

**5. Significant Judgements and Key sources of Estimation in applying Accounting Policies**

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

**a) Recognition of Deferred Tax Assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

**b) Useful lives of depreciable/ amortisable assets (property, plant and equipment and intangible assets)**

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

**c) Defined Benefit Obligation (DBO)**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.

**d) Provisions and Contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied on best judgement by management regarding the probability of exposure to potential loss.

**e) Impairment of Financial Assets**

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**f) Allowances for Doubtful Debts**

The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

**g) Fair value measurement of financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The input to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

## Notes to the Financial Statements for the year ended 31st March 2018

### NOTE : 6 PROPERTY, PLANT & EQUIPMENT

Rupees in Lakhs

| Particulars | GROSS CARRYING AMOUNT | | | | DEPRECIATION | | | | NET CARRYING AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value as on 01-04-2017 | Additions during the year | Sold/adjusted during the year | Value as on 31-03-2018 | Value as on 01-04-2017 | Addition during the Year | Sold/ adjusted during the year | Value as on 31-03-2018 | WDV as on 31-03-2018 | WDV as on 31-03-2017 |
| **(i) Tangible Assets** | | | | | | | | | | |
| a. Freehold Land | 7.18 | 0.00 | 0.00 | 7.18 | 0.00 | 0.00 | 0.00 | 0.00 | 7.18 | 7.18 |
| b. Buildings | 305.10 | 5.61 | 0.00 | 310.71 | 95.88 | 9.75 | 0.00 | 105.63 | 205.08 | 209.22 |
| c. Plant & Equipment | 3,305.26 | 325.07 | 76.49 | 3,553.84 | 2,331.42 | 209.71 | 72.67 | 2,468.46 | 1,085.38 | 973.84 |
| d. Work Auxilliaries | 311.99 | 16.29 | 0.00 | 328.28 | 202.18 | 26.62 | 0.00 | 228.80 | 99.48 | 109.81 |
| e. Furnitures & Fixtures & Office Equipments | 244.01 | 12.69 | 0.00 | 256.70 | 205.31 | 8.57 | 0.00 | 213.88 | 42.82 | 38.70 |
| f. Motor Vehicles & Material Handling Equipments | 35.30 | 96.77 | 0.00 | 132.07 | 30.07 | 4.18 | 0.00 | 34.25 | 97.82 | 5.23 |
| | **4,208.84** | **456.43** | **76.49** | **4,588.78** | **2,864.86** | **258.83** | **72.67** | **3,051.02** | **1,537.76** | **1,343.98** |
| (ii) Intangible Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Capital Work in Progress | 82.11 | 240.25 | 1.90 | 320.46 | 0.00 | 0.00 | 0.00 | 0.00 | 320.46 | 82.11 |
| Total | **4,290.95** | **696.68** | **78.39** | **4,909.24** | **2,864.86** | **258.83** | **72.67** | **3,051.02** | **1,858.22** | **1,426.09** |

| Particulars | GROSS CARRYING AMOUNT | | | | DEPRECIATION | | | | NET CARRYING AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Value as on 01-04-2016 | Additions during the year | Sold/adjusted during the year | Value as on 31-03-2017 | Value as on 01-04-2016 | Addition during the Year | Sold/ adjusted during the year | Value as on 31-03-2017 | WDV as on 31-03-2017 | WDV as on 31-03-2016 |
| **(i) Tangible Assets** | | | | | | | | | | |
| a. Freehold Land | 7.18 | 0.00 | 0.00 | 7.18 | 0.00 | 0.00 | 0.00 | 0.00 | 7.18 | 7.18 |
| b. Buildings | 255.57 | 49.53 | 0.00 | 305.10 | 86.21 | 9.67 | 0.00 | 95.88 | 209.22 | 169.36 |
| c. Plant & Equipment | 3,244.63 | 62.55 | 1.92 | 3,305.26 | 2,136.30 | 196.94 | 1.82 | 2,331.42 | 973.84 | 1,108.33 |
| d. Work Auxilliaries | 306.26 | 5.73 | 0.00 | 311.99 | 176.11 | 26.07 | 0.00 | 202.18 | 109.81 | 130.15 |
| e. Furnitures & Fixtures & Office Equipments | 226.34 | 17.67 | 0.00 | 244.01 | 197.25 | 8.06 | 0.00 | 205.31 | 38.70 | 29.09 |
| f. Motor Vehicles & Material Handling Equipments | 35.30 | 0.00 | 0.00 | 35.30 | 27.85 | 2.22 | 0.00 | 30.07 | 5.23 | 7.45 |
| | **4,075.28** | **135.48** | **1.92** | **4,208.84** | **2,623.72** | **242.96** | **1.82** | **2,864.86** | **1,343.98** | **1,451.56** |
| (ii) Intangible Assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Capital Work in Progress | 114.31 | 17.33 | 49.53 | 82.11 | 0.00 | 0.00 | 0.00 | 0.00 | 82.11 | 114.31 |
| Total | **4,189.59** | **152.81** | **51.45** | **4,290.95** | **2,623.72** | **242.96** | **1.82** | **2,864.86** | **1,426.09** | **1,565.87** |

Notes :
1) Refer Note - 19 & 25 for information on property, plant and equipment pledged as security by the Company.
2) Refer Note - 37 for disclosure on contractual commitment for acquisition of property, plant and equipment.
3) Property, plant and equipment has been carried in accordance with Previous GAAP carrying values with suitable changes as per Ind AS requirement at the date of transition

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 7 : INVESTMENTS NON-CURRENT** | | | |
| *(fully paid up unless otherwise stated)* | | | |
| **A. Investments at Amortised Cost** | 0.00 | 0.00 | 0.00 |
| **B. Investments at Fair Value through Other Comprehensive Income** | | | |
| **Investments in Equity Instruments (Unquoted)** | | | |
| 1170 Equity Shares of Rs.10/- each of Woodlands Multispeciality Hospitals Limited | 0.06 | 0.06 | 0.06 |
| **C. Investments at Fair Value through Profit or Loss** | 0.00 | 0.00 | 0.00 |
| | 0.06 | 0.06 | 0.06 |
| **Aggregate amount of Unquoted Investments** | 0.06 | 0.06 | 0.06 |

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 8 : OTHER FINANCIAL ASSETS (NON - CURRENT)** | | | |
| i) In Fixed Deposits with Bank | | | |
| - with more than 12 months maturity | 251.00 | 0.00 | 0.00 |
| ii) Interest Accrued on Fixed Deposits | 8.41 | 0.00 | 0.00 |
| iii) Advances given to employees | 21.63 | 23.67 | 27.24 |
| | 281.04 | 23.67 | 27.24 |

**Note :**

Fixed deposits of Rs.259.41 lakhs (including interest) with Punjab National Bank have been pledged with the bank as collateral security against Term Loan sanctioned to the Company.

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 9 : NON-CURRENT TAX ASSETS (NET)** | | | |
| Income Tax refundable | 83.14 | 70.49 | 56.98 |
| | 83.14 | 70.49 | 56.98 |

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 10 : OTHER NON-CURRENT ASSETS** | | | |
| *(Unsecured, considered good)* | | | |
| i) Advances | 3.54 | 4.53 | 5.53 |
| ii) Prepaid Expenses | 8.69 | 1.11 | 2.28 |
| iii) Capital Advances | 30.10 | 33.45 | 0.00 |
| iv) Advances to Suppliers | 13.10 | 21.08 | 18.35 |
| v) Deposits | 1.32 | 1.22 | 1.22 |
| vi) Indirect Taxes - Refundable | 35.81 | 35.04 | 35.04 |
| | 92.56 | 96.43 | 62.42 |

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 11 : INVENTORIES** | | | |
| *(At lower of cost or net realizable value)* | | | |
| i) Raw Materials | 2,650.58 | 333.67 | 2,093.32 |
| ii) Process Stock | 800.12 | 394.81 | 603.81 |
| iii) Traded Goods Stock | 959.62 | 0.00 | 0.00 |
| iv) Finished Goods | 468.80 | 1,483.58 | 1,886.14 |
| v) Stores, Accessories and Spares Parts | 164.45 | 122.87 | 130.92 |
| | 5,043.57 | 2,334.93 | 4,714.19 |
| Finished Goods includes Stock in transit | 0.00 | 210.09 | 742.43 |

Mode of valuation - Refer Note 3.1 of significant accounting policies

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 12 : TRADE RECEIVABLES** | | | |
| *(Unsecured)* | | | |
| i) Considered Good | 3,314.18 | 1,387.17 | 2,420.96 |
| ii) Considered Doubtful | 0.00 | 0.00 | 0.00 |
| | 3,314.18 | 1,387.17 | 2,420.96 |
| **NOTE 13 : CASH AND CASH EQUIVALENTS** | | | |
| i) Balances with Banks | 26.82 | 115.19 | 52.68 |
| In Current Accounts | | | |
| ii) Cheques, Drafts on Hand | 31.69 | 15.69 | 23.29 |
| iii) Cash on Hand | 39.99 | 40.85 | 61.36 |
| | 98.50 | 171.73 | 137.33 |
| **NOTE 14 : OTHER FINANCIAL ASSETS (CURRENT)** | | | |
| Advances given to employees | 5.45 | 21.27 | 215.37 |
| | 5.45 | 21.27 | 215.37 |
| **NOTE 15 : CURRENT TAX ASSETS (NET)** | | | |
| Advance Income Tax (net of provision) | 4.51 | 31.41 | 13.77 |
| | 4.51 | 31.41 | 13.77 |
| **Note :** | | | |
| Advance Income Tax comprises of : | | | |
| Advance Income Tax/Tax deducted at source/TCS | 262.04 | 225.27 | 18.54 |
| Less : Provision for Income Tax | 257.53 | 193.86 | 4.77 |
| | 4.51 | 31.41 | 13.77 |
| **NOTE 16 : OTHER CURRENT ASSETS** | | | |
| i) Advances | 58.44 | 34.49 | 37.54 |
| ii) Prepaid Expenses | 25.46 | 13.20 | 24.10 |
| iii) Advances to Suppliers | 21.96 | 50.11 | 41.79 |
| iv) Balances with Government Authorities | 0.71 | 2.54 | 2.25 |
| v) Deposits against disputed demands | 127.98 | 101.02 | 43.70 |
| | 234.55 | 201.36 | 149.38 |

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 17 : EQUITY SHARE CAPITAL** | | | |
| **Authorised Share Capital** | | | |
| a) 36,90,000 (P.Y. 36,90,000) Equity Shares of Rs.10/- each | 369.00 | 369.00 | 369.00 |
| b) 3,10,000 (P.Y. 3,10,000) 10.4% Cumulative Redeemable Preference Shares of Rs.10/- each | 31.00 | 31.00 | 31.00 |
| | 400.00 | 400.00 | 400.00 |
| **Issued, Subscribed & Paid up (fully paid up)** | | | |
| 36,59,266 (P.Y. 36,59,266) Equity Shares of Rs.10/- each | 365.93 | 365.93 | 365.93 |
| | 365.93 | 365.93 | 365.93 |

Notes :

**i) Reconciliation of Number of Shares**

| **Equity Shares of Rs.10/- each** | **As at 31-03-2018** | | **As at 31-03-2017** | |
|---|---|---|---|---|
| | Nos. | Amount (Rs.) | Nos. | Amount (Rs.) |
| At the beginning of the year | 36,59,266 | 365.93 | 36,59,266 | 365.93 |
| Changes during the year | 0 | 0 | 0 | 0 |
| At the end of the year | **36,59,266** | **365.93** | **36,59,266** | **365.93** |

**ii) Rights, Preferences and Restriction attached to Shares**

**Equity Shares**

The Company has only one class of Equity Shares of face value of Rs.10/- each. Holders of equity shares are entitled to one vote per share and equal right to dividend. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

**iii)** No shares have been allotted for consideration other than cash during the period of preceding 5 years.

**iv) Details of Shareholders holding more than 5% shares in the Company**

| **Name of the shareholder Equity Shares of Rs.10/- each** | No.of Shares | No.of Shares | No.of Shares |
|---|---|---|---|
| Lyons Corporate Market Ltd. | 6,50,000 | 6,50,000 | 6,50,000 |
| Millennium Holdings Pvt. Ltd. | 4,50,050 | 4,50,050 | 4,50,050 |
| Celestial Holdings Pvt. Ltd. | 4,50,000 | 4,50,000 | 4,50,000 |
| Celestial Consultants Pvt. Ltd. | 4,50,000 | 4,50,000 | 4,50,000 |
| Chariot Eximp Ltd. | 2,77,756 | 2,77,756 | 2,77,756 |
| Osatwal Jute & Gunny Sales Pvt. Ltd. | 2,20,000 | 2,20,000 | 2,20,000 |
| Rochak Distributors Pvt. Ltd. | 2,20,000 | 2,20,000 | 2,20,000 |

| **NOTE 18 : OTHER EQUITY** | **Note Reference** | **As at 31-03-2018** | **As at 31-03-2017** | **As at 01-04-2016** |
|---|---|---|---|---|
| Capital reserve | 18.1 | 144.75 | 144.75 | 144.75 |
| Retained earnings | 18.2 | (532.76) | (1,028.84) | (1,359.48) |
| | | (388.01) | (884.09) | (1,214.73) |

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 18.1 : CAPITAL RESERVE** | | | |
| Balance at the beginning of the year | 144.75 | 144.75 | 144.75 |
| Add : Changes during the year | 0.00 | 0.00 | 0.00 |
| Balance at the end of the year | 144.75 | 144.75 | 144.75 |
| **NOTE 18.2 : RETAINED EARNINGS** | | | |
| Balance at the beginning of the year | (1,028.84) | (1,359.48) | (1,645.66) |
| Add : Profits for the year | 496.08 | 330.64 | 248.47 |
| Add : Deferred Tax Assets recognised on transition | 0.00 | 0.00 | 37.71 |
| Balance at the end of the year | (532.76) | (1,028.84) | (1,359.48) |

**Nature and Purpose of other Reserves**

**Capital Reserve**

Capital reserve represents capital profits appropriated as per erstwhile Companies Act, 1956 arising on one time settlement of secured and unsecured loans during the year ended 31st March 1995. This reserve can be utilised in accordance with the provisions of the Companies Act 2013.

**Retained Earnings**

This reserve represents the cumulative profits of the Company. This reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 19 : BORROWINGS (NON-CURRENT)** | | | |
| (Secured) | | | |
| i) Term Loan from Bank | 64.54 | 0.00 | 0.00 |
| ii) Vehicle Loan from Bank | 74.32 | 0.00 | 0.00 |
| | 138.86 | 0.00 | 0.00 |
| Less : Current Portion (disclosed under other financial liabilities Refer Note - 25) | 73.68 | 0.00 | 0.00 |
| | 65.18 | 0.00 | 0.00 |

**Notes**

i) The Punjab National Bank has sanctioned a Term Loan of Rs.250 lakhs out of which Rs. 64.54 lakhs was disbursed during the year. The Term Loan is secured by way of hypothecation of Plant and machinery /Assets to be bought by using the Term Loan by way of first charge. The Term Loan from the Bank including current maturities is repayable in 20 quarterly installments of Rs. 12.50 lakhs each starting from June 2018 and ending in March 2023. Rate of interest MCLR + 1.65 % p.a., effective rate is 10.10% p.a.

ii) Vehicle Loans are secured against Hypothecation of respective vehicles repayable in Equated Monthly Installments beginning from the month subsequent to taking of the Loans. Rate of interest is 7.76 % p.a.

iii) Other Collateral securities provided for Term Loan from Bank - Refer Note no. 47.

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 20 : OTHER FINANCIAL LIABILITIES (NON-CURRENT)** | | | |
| Security Deposits | 2.26 | 2.26 | 1.46 |
| | 2.26 | 2.26 | 1.46 |

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 21 : PROVISIONS (NON-CURRENT)** | | | |
| **Provision for Employee Benefits** | | | |
| Provision for Gratuity (on Actuarial Valuation) | 2,220.69 | 2,220.69 | 2,220.69 |
| (Refer Note 42) | 2,220.69 | 2,220.69 | 2,220.69 |
| **NOTE 22 : DEFERRED TAX LIABILITIES (NET)** | | | |
| **Deferred Tax Liabilities** | | | |
| *Arising on account of :* | | | |
| Depreciable assets | 215.35 | 236.26 | 277.74 |
| | 215.35 | 236.26 | 277.74 |
| **Deferred Tax Assets** | | | |
| *Arising on account of :* | | | |
| Deferred Government grant | 17.94 | 26.98 | 37.71 |
| | 17.94 | 26.98 | 37.71 |
| Deferred Tax Liabilities (net) | 197.41 | 209.28 | 240.03 |

**NOTE 22.1 Movement in deferred tax assets and liabilities during the year ended 31st March, 2017 and 31st March, 2018**

| PARTICULARS | As at 1st April 2016 | Recognised in statement of Profit & Loss | As at 31st March 2017 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| *Arising on account of :* | | | |
| Depreciable assets | 277.74 | (41.48) | 236.26 |
| | 277.74 | (41.48) | 236.26 |
| **Deferred Tax Assets** | | | |
| *Arising on account of :* | | | |
| Deferred Government grant | 37.71 | (10.73) | 26.98 |
| | 37.71 | (10.73) | 26.98 |
| Deferred Tax Liabilities (net) | 240.03 | (30.75) | 209.28 |

| PARTICULARS | As at 1st April 2017 | Recognised in statement of Profit & Loss | As at 31st March 2018 |
|---|---|---|---|
| **Deferred Tax Liabilities** | | | |
| *Arising on account of :* | | | |
| Depreciable assets | 236.26 | (20.91) | 215.35 |
| | 236.26 | (20.91) | 215.35 |
| **Deferred Tax assets** | | | |
| *Arising on account of :* | | | |
| Deferred Government grant | 26.98 | (9.04) | 17.94 |
| | 26.98 | (9.04) | 17.94 |
| Deferred Tax Liabilities (net) | 209.28 | (11.87) | 197.41 |

Deferred tax assets and Deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority.

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 23 : OTHER NON-CURRENT LIABILITIES** | | | |
| Deferred Government Grants | 31.43 | 54.27 | 81.61 |
| | 31.43 | 54.27 | 81.61 |
| **Movement of Deferred Government Grant** | | | |
| Balance at the beginning of the year (Non-Current and Current) | 81.61 | 114.06 | 140.50 |
| Add : Addition during the year | 0.00 | 0.00 | 0.00 |
| Less : Transferred to Deferred Government Grant Allocation A/c in profit & Loss (Refer Note No.27) | 27.34 | 32.45 | 26.44 |
| Balance at the end of the year (Non-Current and Current) | 54.27 | 81.61 | 114.06 |
| *Non-Current deferred government grants* | 31.43 | 54.27 | 81.61 |
| *Current deferred government grants (Refer Note No.26)* | 22.84 | 27.34 | 32.45 |
| **NOTE 24 : TRADE PAYABLES** | | | |
| i) Due to Micro, Small & Medium Enterprises (Refer Note No.40) | 0.00 | 0.00 | 0.00 |
| ii) Due to Others | 4,859.24 | 574.77 | 4,618.14 |
| | 4,859.24 | 574.77 | 4,618.14 |
| **NOTE 25 : OTHER FINANCIAL LIABILITIES (CURRENT)** | | | |
| i) Current Maturities of Long Term Borrowings - Secured (Refer Note No. 19) | 546.37 | 472.69 | 472.69 |
| ii) Interest accrued and due on Borrowings | 957.80 | 915.83 | 874.47 |
| iii) Payable to Employees | 1,072.15 | 1,225.86 | 1,207.30 |
| iv) Other Liabilities | 665.70 | 308.75 | 334.26 |
| | 3,242.02 | 2,923.13 | 2,888.72 |
| Notes : | | | |
| **i) Current Maturities of Long Term Borrowings** | | | |
| Government of West Bengal (Refer Note Below) | 472.69 | 472.69 | 472.69 |
| Term Loan from Bank | 50.00 | 0.00 | 0.00 |
| Vehicle loan from Bank | 23.68 | 0.00 | 0.00 |
| | 546.37 | 472.69 | 472.69 |
| **ii) Interest Accrued and due on Borrowings** | | | |
| On Loans from Government of West Bengal | 957.19 | 915.83 | 874.47 |
| On Term Loan from Bank | 0.61 | 0.00 | 0.00 |
| | 957.80 | 915.83 | 874.47 |

Government of West Bengal

a) Loan from Government of West Bengal received under Rehabilitation Scheme for payment of arrear Sales Tax and Raw Jute Tax dues, secured by residual charge on the Fixed Assets of the Company, present and future.

b) Loan of Rs. 384.07 lakhs was repayable in 32 quarterly installments. The last instalment was due on 30-09-2005.The Company has defaulted in repayment and the entire outstanding amount has become payable as on Balance Sheet date.

c) Loan of Rs. 88.62 lakhs was repayable in 32 quarterly installments. The last instalment was due on 01-10-2009. The Company has defaulted in repayment and the entire outstanding amount has become payable as on Balance Sheet date.

| | As at 31-03-2018 | As at 31-03-2017 | As at 01-04-2016 |
|---|---|---|---|
| **NOTE 26 : OTHER CURRENT LIABILITIES** | | | |
| i) Advances from Customers | 113.23 | 115.28 | 1.52 |
| ii) Deferred Government Grant | 22.84 | 27.34 | 32.45 |
| iii) Statutory dues Payable | 283.56 | 155.75 | 127.75 |
| | 419.63 | 298.37 | 161.72 |

## Notes to the Financial Statements for the year ended 31st March 2018

| | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|---|---|---|
| | | Rupees in Lakhs |
| **NOTE 27 : REVENUE FROM OPERATIONS** | | |
| **Sale of Products** | | |
| Finished Goods (including jute cess) | 27,601.02 | 34,035.52 |
| **Other Operating Revenues** | | |
| i) Incentives on Indirect Export | 468.71 | 0.00 |
| ii) Deferred Government Grants Allocation A/c | 27.34 | 32.45 |
| iii) Sale of Scrap | 189.33 | 38.32 |
| | 28,286.40 | 34,106.29 |
| **NOTE 28 : OTHER INCOME** | | |
| i) Rent Received | 49.96 | 52.63 |
| ii) Interest Income | 197.63 | 337.06 |
| iii) Interest on Income Tax | 1.18 | 0.00 |
| iv) Gains on Foreign Currency Translations (Net) | 0.00 | 0.56 |
| v) Inspection Fees Refunded | 0.00 | 15.65 |
| vi) Profit on Sale of Property, Plant & Equipments (Net) | 37.28 | 18.90 |
| vii) Other Non Operating Income | 0.11 | 0.25 |
| | 286.16 | 425.05 |
| Interest Income Comprises Interest from : | | |
| i) Financial Assets carried at amortised cost | 171.79 | 321.80 |
| ii) Trade Receivables carried at amortised cost | 16.50 | 15.26 |
| iii) Deposits with Bank carried at amortised cost | 9.34 | 0.00 |
| | 197.63 | 337.06 |
| **NOTE 29.1 : COST OF MATERIALS CONSUMED** | | |
| Raw Jute | 13,672.79 | 17,661.03 |
| Yarn & Cloth | 2,563.00 | 4,374.90 |
| Other Raw Materials | 438.70 | 409.77 |
| | 16,674.49 | 22,445.70 |
| **NOTE 29.2 : PURCHASE OF TRADED GOODS** | | |
| Jute Goods Purchase | 959.62 | 0.00 |
| | 959.62 | 0.00 |
| **NOTE 30 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN -PROGRESS AND STOCK -IN -TRADE** | | |
| **Opening Stock :** | | |
| Finished Goods | 1,483.58 | 1,886.14 |
| Process Stock | 394.81 | 603.81 |
| | 1,878.39 | 2,489.95 |
| **Closing Stock :** | | |
| Finished Goods | 468.80 | 1,483.58 |
| Traded Goods | 959.62 | 0.00 |
| Process Stock | 800.12 | 394.81 |
| | 2,228.54 | 1,878.39 |
| Net (Increase) / decrease in stock | (350.15) | 611.56 |
| **NOTE 31 : EMPLOYEE BENEFITS EXPENSES** | | |
| i) Salaries, Wages, Bonus and Gratuity | 6,055.35 | 6,783.43 |
| ii) Contribution to Provident and Other Funds | 732.26 | 730.05 |
| iii) Welfare Expenses | 112.10 | 107.45 |
| | 6,899.71 | 7,620.93 |

# Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|---|---|---|
| **NOTE 32 : FINANCE COSTS** | | |
| i) Interest Expense : | | |
| Interest on Borrowings | 44.34 | 41.36 |
| Interest on Taxes | 0.01 | 0.01 |
| ii) Other Borrowing Costs | 6.26 | 0.00 |
| | 50.61 | 41.37 |
| **NOTE 33 : DEPRECIATION AND AMORTISATION EXPENSES** | | |
| Depreciation on Property, Plant and Equipments | 258.83 | 242.96 |
| | 258.83 | 242.96 |
| **NOTE 34 : OTHER EXPENSES** | | |
| i) Consumption of Stores & Spare Parts | 578.63 | 574.10 |
| ii) Power & Fuel | 1,330.44 | 1,503.20 |
| iii) Brokerage | 601.34 | 1.25 |
| iv) Repairs to Roads and Buildings | 89.62 | 68.60 |
| v) Repairs to Plant & Machinery | 167.41 | 143.43 |
| vi) Repairs to Others | 59.26 | 46.13 |
| vii) Freight & Delivery Charges | 55.66 | 26.56 |
| viii) Other Manufacturing & Selling Expenses | 84.84 | 101.45 |
| ix) Jute Cess Paid | 69.01 | 342.71 |
| x) Rates & Taxes | 20.74 | 27.76 |
| xi) Insurance | 18.59 | 22.93 |
| xii) Donation | 2.00 | 0.00 |
| xiii) Subscription | 10.10 | 8.90 |
| xiv) Other Administrative Expenses | 219.31 | 187.23 |
| xv) Directors' Fee | 0.84 | 0.88 |
| xvi) Debts Written Off | 8.19 | 0.00 |
| xvii) Rent Paid | 16.20 | 16.20 |
| xviii) *Payment to Auditors* | | |
| For Audit Fees | 2.25 | 2.25 |
| For Tax Audit | 0.75 | 0.75 |
| For Other Services | 0.10 | 0.12 |
| For Reimbursement of Expenses | 0.08 | 0.00 |
| | 3,335.36 | 3,074.45 |
| **NOTE 35 : TAX EXPENSES** | | |
| i) Current Tax Expenses | 257.53 | 193.86 |
| ii) Deferred Tax Expense / (Credit) | (11.87) | (30.75) |
| | 245.66 | 163.11 |
| iii) Tax & Interest for Earlier Years (net) | 2.35 | 0.62 |
| | 248.01 | 163.73 |

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| | For the year ended 31-03-2018 | For the year ended 31-03-2017 |
|---|---|---|

**NOTE 35.1 : Reconciliation of estimated income tax expense at Indian statutory income tax rate to income tax expense reported in statement of profit and loss :**

| | | |
|---|---|---|
| Income before Income Tax | 744.09 | 494.37 |
| Indian Statutory Income Tax Rate | 33.063% | 33.063% |
| Estimated Income Tax expenses | 246.02 | 163.45 |
| **Tax effect of adjustments to reconcile expected income tax expense to reported Income tax expense:** | | |
| Expenses disallowed or considered separately | (0.45) | 1.14 |
| Others | 0.09 | 0.00 |
| Short provided in books | 0.00 | (1.48) |
| Total Tax Effect | (0.36) | (0.34) |
| Tax Expenses recognised in statement of profit and Loss | 245.66 | 163.11 |

**NOTE 36 : EARNINGS PER SHARE**

| | | |
|---|---|---|
| Profit / (Loss) for the year | 496.08 | 330.64 |
| Weighted average number of equity share outstanding for the purpose of basic/diluted earnings per equity share (in number) | 36,59,266 | 36,59,266 |
| Earning per share of par value Rs.10/- Basic & Diluted (Rs) | 13.56 | 9.04 |

# Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

**37 Contingent Liabilities and Commitments (to the extent not provided for)**

| | | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|---|---|---|---|
| **Contingent Liabilities :** | | | | |
| i) Claims against the Company not acknowledged as debts : Demands under dispute pending in appeals | | | | |
| (a) | Commercial Taxes (Net of Rs.65.43 lakhs deposited against disputed demand shown in Balance Sheet; for 31-03-2017 Rs.80.83 lakhs, for 01-04-2016 Rs.24.13 Lakhs) | 224.35 | 645.51 | 365.92 |
| (b) | Excise Duty and Cess (Including Penalty) (Net of deposit of Rs.13.76 Lakhs paid and debited to Profit & Loss Statement in earlier years and net of Rs.0.73 lakh pre-deposited against disputed demand shown in Balance Sheet as on 31-03-2017 and 01-04-2016 | 6,360.75 | 6,374.52 | 42.09 |
| (c) | Land Revenue (Net of advances of Rs.1.00 lakh paid and debited to Profit and Loss Statement in earlier year) | 7.25 | 7.25 | 7.25 |
| (d) | Employees State Insurance (Net of Rs.40.02 Lakhs deposited against disputed demand shown in Balance Sheet and Rs. 2.47 Lakhs paid and debited to Profit & Loss Statement; for 31-03-2017 and 01-04-2016 Rs.19.02 Lakhs and Rs.2.47 lakhs respectively) | 65.18 | 50.14 | 50.14 |
| (e) | Income Tax (Net of Rs.22.09 Lakhs deposited against disputed demand shown in Balance Sheet; for 31-03-2017 and 01-04-2016 Rs.Nil) | Nil | 20.25 | 11.49 |

The Management feels that the claims are not likely to succeed and hence not provided in the accounts. However, the consequential effect of the claims is dependent on disposal of appeals.

| | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|---|---|---|
| ii) Against Securities provided by third parties : | | | |
| Guarantees given by banks | 1,904.46 | 1,428.19 | 1,122.34 |
| Letter of Credit Outstanding | 496.41 | Nil | Nil |
| **Capital and Other commitments** | | | |
| Estimated Amount of Contract remaining to be executed on Capital Account (Net of Advances) and not provided for | 129.08 | 48.15 | Nil |

**38.** Related Party Disclosures as required under Ind AS 24.

a) List of Related Parties :

Key Management Personnel

| | | |
|---|---|---|
| i) | Mr. Ravindra Kumar Poddar | Chairman |
| ii) | Mr. Sanjay Kumar Osatwal | Managing Director |
| iii) | Mr. Ram Karan Gupta | Secretary |

b) Remuneration to Key Managerial Personnel :

| Payment to Chairman, MD and Company Secretary | for the year ended 31st March 2018 (Rs.in Lakhs) | for the year ended 31st March 2017 (Rs.in Lakhs) |
|---|---|---|
| i) **Short Term Employee Benefits** | | |
| Gross Salary | 112.06 | 79.95 |
| Perquisites and other benefits | 9.05 | 6.80 |
| ii) **Post Employment Benefits** | | |
| Contribution to PF and Other Funds | 9.60 | 6.80 |
| Total | 130.71 | 93.55 |
| c) Payment to Independent & Other Directors | | |
| Sitting Fees | 0.84 | 0.88 |

## Notes to the Financial Statements for the year ended 31st March 2018

**39.** As the business activity falls within one reportable segment namely "Jute Goods" there is no segment wise information to report as per the Ind AS 108 "Operating Segment".

**40.** The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006, and hence disclosure relating to amounts unpaid at the year end, interest paid / payable under this Act have not been given.

**41.** Trade Payables – under Note 24 include cheques overissued amounting to Rs 339.77 lakhs (Previous year Rs. Nil)

**42. Disclosure pursuant to Indian Accounting Standard -19 'Employee Benefits' as notified u/s 133 of the Companies Act, 2013**

**42.1 Defined Contribution Plans**

The Company has during the year recognised an expense of Rs. 732.26 lakhs ( F. Y. 2016-17 Rs. 730.05 lakhs) towards defined contribution plans.

Out of the total contribution, made for employees' provident fund, a sum of Rs. 88.91 lakhs (Previous year Rs. 91.23 lakhs) has been made to The Ganges Manufacturing Company Limited Mill Workers Provident Fund while the remaining contributions have been made to the provident fund plan operated by the Regional Provident Fund Commissioner and for Employers' contribution to Employees State Insurance Corporation. Further, considering the past track and fair value of the plan assets of the Trust, the Company does not envisage any shortfall in liability towards the interest payable by the Trust at the notified interest rate.

**42.2 Defined Benefit Plans :**

As per Actuarial valuation as on 31st March, 2018 and recognized in the financial statements in respect of Defined Employee Benefit Schemes.

**(A) Gratuity**

| | Description | Gratuity (Unfunded) 2018 Rs. in Lakhs | Gratuity (Unfunded) 2017 Rs. in Lakhs |
|---|---|---|---|
| a) | **Reconciliation of Opening Balances of the Present Value of the Defined Benefit Obligation** | | |
| | Present Value of Obligation at the beginning of the year | 4,933.28 | 4,837.03 |
| | Current Service Cost | 261.03 | 261.63 |
| | Interest Cost | 369.79 | 366.39 |
| | Amortization of Past Service Cost | 0.00 | 0.00 |
| | Actuarial (Gains) / Losses | (373.00) | (197.30) |
| | Benefit Paid | (323.57) | (334.47) |
| | **Present Value of Obligation at the end of the year** | 4,867.53 | 4,933.28 |
| b) | **Reconciliation of the Opening Balance of Plan Assets** | | |
| | Fair Value of Plan Assets at the beginning of the year | 0.00 | 0.00 |
| | Actual Return of Plan Assets | 0.00 | 0.00 |
| | Actuarial (Gains) / Losses | 0.00 | 0.00 |
| | Contributions | 323.57 | 334.47 |
| | Benefit Paid | (323.57) | (334.47) |
| | **Fair Value of Plan Assets at the end of the year** | 0.00 | 0.00 |
| c) | **Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets** | | |
| | Present Value of obligations at the end of the year | 4,867.53 | 4,933.28 |
| | Fair Value of Plan Assets at the end of the year | 0.00 | 0.00 |
| | Assets/(Liabilities) to be recognized in the Balance Sheet | (4,867.53) | (4,933.28) |
| | Assets/(Liabilities) recognized in the Balance Sheet | (2,220.69) | (2,220.69) |
| | Assets/(Liabilities) unprovided in the Balance Sheet | (2,646.84) | (2,712.59) |
| d) | **Expenses recognised in the Profit and Loss Statement** | | |
| | Current Service Cost | 261.03 | 261.63 |
| | Interest Cost | 369.79 | 366.39 |
| | Actual Return on Plan Assets | 0.00 | 0.00 |
| | Amortization of Past Service Cost | 0.00 | 0.00 |

## Notes to the Financial Statements for the year ended 31st March 2018

| | | | |
|---|---|---|---|
| | Actuarial (Gains) / Losses | (373.00) | (197.30) |
| | Total Expenses to be recognized | 257.82 | 430.72 |
| | Expenses recognized | 323.57 | 334.47 |
| | Expenses unprovided for the year | (65.75) | 96.25 |
| e) | **Actuarial Assumptions** | | |
| | **Financial Assumptions** | | |
| | Discount Rate | 7.75 | 7.50 |
| | Salary escalation rate | 6.00% | 6.00% |
| | **Demographic assumptions** | | |
| | Mortality Rate | IALM (2006-08) Table | IALM (2006-08) Table |
| | Withdrawal rate | 1% to 8 % | 1% to 8 % |
| | Retirement age | 58 Years | 58 Years |

**(B) Leave Benefits**

| | Description | Leave Benefits (Unfunded) 2018 Rs. in Lakhs | Leave Benefits (Unfunded) 2017 Rs. in Lakhs |
|---|---|---|---|
| a) | **Reconciliation of Opening Balances of the Present Value of the Defined Benefit Obligation** | | |
| | Present Value of Obligation at the beginning of the year | 120.22 | 114.45 |
| | Current Service Cost | 25.10 | 133.22 |
| | Interest Cost | 2.07 | 8.80 |
| | Amortization of Past Service Cost | 0.00 | 0.00 |
| | Actuarial (Gains) / Losses | 158.19 | 48.95 |
| | Benefit Paid | (187.02) | (185.20) |
| | **Present Value of Obligation at the end of the year** | 118.56 | 120.22 |
| b) | **Reconciliation of the Opening Balance of Plan Assets** | | |
| | Fair Value of Plan Assets at the beginning of the year | 0.00 | 0.00 |
| | Actual Return of Plan Assets | 0.00 | 0.00 |
| | Actuarial (Gains) / Losses | 0.00 | 0.00 |
| | Contributions | 187.02 | 185.20 |
| | Benefit Paid | (187.02) | (185.20) |
| | **Fair Value of Plan Assets at the end of the year** | 0.00 | 0.00 |
| c) | **Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets** | | |
| | Present Value of obligations at the end of the year | 118.56 | 120.22 |
| | Fair Value of Plan Assets at the end of the year | 0.00 | 0.00 |
| | Assets/(Liabilities) to be recognized in the Balance Sheet | (118.56) | (120.22) |
| | Assets/(Liabilities) recognized in the Balance Sheet | 0.00 | 0.00 |
| | Assets/(Liabilities) unprovided in the Balance Sheet | (118.56) | (120.22) |
| d) | **Expenses recognised in the Profit and Loss Statement** | | |
| | Current Service Cost | 25.10 | 133.22 |
| | Interest Cost | 2.07 | 8.80 |
| | Actual Return on Plan Assets | 0.00 | 0.00 |
| | Amortization of Past Service Cost | 0.00 | 0.00 |
| | Actuarial (Gains) / Losses | 158.19 | 48.95 |

## Notes to the Financial Statements for the year ended 31st March 2018

| | | | |
|---|---|---|---|
| | Total Expenses to be recognized | 185.36 | 190.97 |
| | Expenses recognized | 187.02 | 185.20 |
| | Expenses unprovided for the year | (1.66) | 5.77 |
| e) | **Actuarial Assumptions** | | |
| | **Financial Assumptions** | | |
| | Discount Rate | 7.75 | 7.50 |
| | Salary escalation rate | 6.00% | 6.00% |
| | **Demographic assumptions** | | |
| | Mortality Rate | IALM (2006-08) Table | IALM (2006-08) Table |
| | Withdrawal rate | 1% to 8 % | 1% to 8 % |
| | Retirement age | 58 Years | 58 Years |

**C) Notes :**

a) The estimates of future salary increases, considered in actuarial valuations, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Amount recognized as expenses :
Salaries, Wages, Bonus and Gratuity in Note 31 include actual payments of Leave Encashment amounting to Rs.187.02 Lakhs (Previous Year Rs.185.20 Lakhs) and gratuity paid/provided on actual liability basis amounting to Rs.323.57 Lakhs (Previous Year Rs.334.47 Lakhs) during the year.

c) The total accrued unprovided liability of existing employees as on 31st March 2018 for future payments determined as per actuarial valuation for Gratuity amounts to Rs 2,646.84 Lakhs (Previous Year Rs.2,712.59 Lakhs) and for leave encashment amounts to Rs.118.56 Lakhs (Previous Year Rs.120.22 Lakhs). The Provision for accrued liability of Rs. 2,220.69 Lakhs for Gratuity (on Actuarial Basis) in Note 21 has been provided only upto 31-03-2006 but not funded.

**43.** In the opinion of the management, there is no Impairment Loss in Value of assets based on the assessment of their recoverable value carried out by the technical persons.

**44.** Capital Incentive from National Jute Board under Acquisition of Plant & Machinery (Capital Subsidy) Scheme – under Jute Technology Mission has been accounted for following the Ind AS 20 on “Accounting for Government Grants” as prescribed under section 133 and rules there under. Accordingly the incentive has been credited under the head “Deferred Government Grant”.

**45.** Reimbursement of expenses amounting to Rs.17.36 lakhs for providing sanitation facilities to the mill workers under the Scheme for Workers’ Welfare received from National Jute Board has been reduced from the cost incurred on the same under the head ‘Buildings’ in Note 6.

**46.** The Cash Credit (Fund Based) Limit of Rs.4 Crores sanctioned during the year by Punjab National Bank, Shakespeare Sarani Branch, Kolkata is secured against primary security of hypothecation of stock of raw materials of Jute and Jute products, stock– in-process, stores, finished goods out of Jute including stock in transit and receivables.

The FLC/ILC (Non-Fund Based) Limit of Rs.3 Crores sanctioned during the year by Punjab National Bank, Shakespeare Sarani Branch, Kolkata for purchase of Raw Materials is secured against stocks covered under DP/DA bills and extension of charge over the current assets of the Company.

However, no amount against the above facilities has been availed by the Company during the year.

**47.** Following Collateral Securities have been provided to Punjab National Bank, Shakespeare Sarani, Kolkata for various facilities sanctioned to the Company :

i) For Term Loan : Pledge of Fixed Deposit of Rs.2.51 crores and personal guarantee of a Director of the Company.

ii) For Cash Credit and FLC/ILC facilities : Hypothecation of existing Plant & Machinery excluding Plant & Machinery purchased out of Term Loan situated at factory premises at Bansberia and personal guarantee of a Director of the Company.

# Notes to the Financial Statements for the year ended 31st March 2018

**48.** The Company being a Sick Industrial Company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 (since repealed) had made reference to the Board for Industrial and Financial Reconstruction under Section 15 of the Act. The Board has sanctioned Rehabilitation Scheme under its Order dated 30th March 1993.

**49. Capital Management**

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The capital management focuses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Company is predominantly equity financed. Further, the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.

**50. Disclosure on financial instrument**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3.10 to the financial statements.

**50.1 Financial Asset and Liabilities (Non-current and current)**

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Fair Value through statement of Profit & Loss | Fair Value through Other Comprehensive Income | Amortised Cost | Fair Value through statement of Profit & Loss | Fair Value through Other Comprehensive Income | Amortised Cost | Fair Value through statement of Profit & Loss | Fair Value through Other Comprehensive Income | Amortised Cost |
| **Financial Assets** | | | | | | | | | |
| **Investments** | | | | | | | | | |
| -Equity Instrument | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 | 0.00 |
| Trade Receivables | 0.00 | 0.00 | 3,314.18 | 0.00 | 0.00 | 1,387.17 | 0.00 | 0.00 | 2,420.96 |
| Cash and Cash Equivalents | 0.00 | 0.00 | 98.50 | 0.00 | 0.00 | 171.73 | 0.00 | 0.00 | 137.33 |
| **Other Financial Assets** | | | | | | | | | |
| -Fixed Deposits accounts with Bank (Maturity over 12 months) | 0.00 | 0.00 | 251.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| -Interest accrued on fixed deposits | 0.00 | 0.00 | 8.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| -Other deposits, advances & receivable | 0.00 | 0.00 | 27.08 | 0.00 | 0.00 | 44.94 | 0.00 | 0.00 | 242.61 |
| **Total Financial Assets** | **0.00** | **0.06** | **3,699.17** | **0.00** | **0.06** | **1,603.84** | **0.00** | **0.06** | **2,800.90** |
| **Financial Liabilities** | | | | | | | | | |
| Borrowings (including current maturities) | 0.00 | 0.00 | 1,569.35 | 0.00 | 0.00 | 1,388.52 | 0.00 | 0.00 | 1,347.16 |
| Trade Payables | 0.00 | 0.00 | 4,859.24 | 0.00 | 0.00 | 574.77 | 0.00 | 0.00 | 4,618.14 |
| **Other Financial Liabilities** | | | | | | | | | |
| -Employee related liabilities | 0.00 | 0.00 | 1,072.15 | 0.00 | 0.00 | 1,225.86 | 0.00 | 0.00 | 1,207.30 |
| -Security deposits and others | 0.00 | 0.00 | 667.96 | 0.00 | 0.00 | 311.01 | 0.00 | 0.00 | 335.72 |
| **Total Financial Liabilities** | **0.00** | **0.00** | **8,168.70** | **0.00** | **0.00** | **3,500.16** | **0.00** | **0.00** | **7,508.32** |

The management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The management has assessed that the fair value of floating rate instruments approximate their carrying value.

# Notes to the Financial Statements for the year ended 31st March 2018

**50.2 Fair value Hierarchy**

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

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). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models, with the most significant inputs that reflects the credit risk of counterparty. The fair value of short-term financial assets and liabilities is considered to be approximately equal to its carrying value due to their short term nature. Costs of unquoted equity instruments has been considered as an appropriate estimate of fair value where most recent information to measure fair value is insufficient or if there is a wide range of possible fair value measurements.

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | | As at 1st April 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | | | | | |
| **(i) Measured at amortised cost** | | | | | | | | | |
| Trade Receivables | 0.00 | 0.00 | 3,314.18 | 0.00 | 0.00 | 1,387.17 | 0.00 | 0.00 | 2,420.96 |
| Cash and Cash Equivalent | 0.00 | 0.00 | 98.50 | 0.00 | 0.00 | 171.73 | 0.00 | 0.00 | 137.33 |
| **Other Financial Assets** | | | | | | | | | |
| -Fixed Deposits accounts with Bank (Maturity over 12 months) | 0.00 | 0.00 | 251.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| -Interest accrued on fixed deposits | 0.00 | 0.00 | 8.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| -Other deposits, advances & receivable | 0.00 | 0.00 | 27.08 | 0.00 | 0.00 | 44.94 | 0.00 | 0.00 | 242.61 |
| Subtotal | **0.00** | **0.00** | **3,699.17** | **0.00** | **0.00** | **1,603.84** | **0.00** | **0.00** | **2,800.90** |
| **(ii)Measured at fair value through other comprehensive income** | | | | | | | | | |
| Investments | | | | | | | | | |
| - Equity instruments | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 |
| Subtotal | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 | 0.00 | 0.00 | 0.06 |
| **Total Financial assets** | **0.00** | **0.00** | **3,699.23** | **0.00** | **0.00** | **1,603.90** | **0.00** | **0.00** | **2,800.96** |
| **Financial liabilities** | | | | | | | | | |
| **(i) Measured at amortised cost** | | | | | | | | | |
| Borrowings (including current maturities) | 0.00 | 0.00 | 1,569.35 | 0.00 | 0.00 | 1,388.52 | 0.00 | 0.00 | 1,347.16 |
| Trade Payables | 0.00 | 0.00 | 4,859.24 | 0.00 | 0.00 | 574.77 | 0.00 | 0.00 | 4,618.14 |
| **Other Financial Liabilities** | | | | | | | | | |
| -Employee related Liabilities | 0.00 | 0.00 | 1,072.15 | 0.00 | 0.00 | 1,225.86 | 0.00 | 0.00 | 1,207.30 |
| -Security deposits and others | 0.00 | 0.00 | 667.96 | 0.00 | 0.00 | 311.01 | 0.00 | 0.00 | 335.72 |
| Subtotal | 0.00 | 0.00 | 8,168.70 | 0.00 | 0.00 | 3,500.16 | 0.00 | 0.00 | 7,508.32 |
| **Total Financial Liabilities** | **0.00** | **0.00** | **8,168.70** | **0.00** | **0.00** | **3,500.16** | **0.00** | **0.00** | **7,508.32** |

There were no transfers between Level 1 and Level 2 during the year.

## Notes to the Financial Statements for the year ended 31st March 2018

**50.3 Financial Risk Management**

The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The risk management policy is approved by the Directors. The different types of risk impacting the fair value of financial instruments are as below:

**a) Credit Risk**

The credit risk is the risk of financial loss arising from counter party failing to discharge an obligation. The credit risk is controlled by analysing credit limits and credit worthiness of customers on continuous basis to whom the credit has been granted, after obtaining necessary approvals for credit.

**i) Trade receivable**

Customer credit risk is managed by the Company subject to Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and major customers are generally from Government agencies Thus, based on past trends, the Company does not foresee any losses in expected credit loss (ECL). The maximum exposure to credit risk at the reporting date is the carrying value of trade receivable disclosed in Note - 12.

**ii) Financial instrument and cash deposit**

Credit risk is limited as the Company generally invest in deposits with banks. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to makepayments.

**b) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they become due. The Company monitors its risk by determining its liquidity requirement in the short, medium and long term. This is done by drawing up cash forecast for short term and long term needs. The Company manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalent position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity monitoring future cash flow and liquidity on a regular basis. Surplus funds not immediately required are invested in fixed deposit which provide flexibility to liquidate.

**i) Maturity analysis for financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date.

Rupees in Lakhs

| Particulars | On Demand | 0 to 6 Months | More than 6 months to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|
| **As at 31st March 2018** | | | | | |
| Borrowings (including current maturities) (Refer Note - 19 & 25) | 1,429.88 | 37.22 | 37.07 | 65.18 | 1,569.35 |
| Trade Payables (Refer Note - 24) | 0.00 | 4,859.24 | 0.00 | 0.00 | 4,859.24 |
| Other financial liabilities (Refer Note - 20 & 25) | 0.00 | 1,737.85 | 0.00 | 2.,26 | 1,740.11 |
| | 1,429.88 | 6,634.31 | 37.07 | 67.44 | 8,168.70 |
| **As at 31st March 2017** | | | | | |
| Borrowings (including current maturities) (Refer Note - 19 & 25) | 1,388.52 | 0.00 | 0.00 | 0.00 | 1,388.52 |
| Trade Payables (Refer Note - 24) | 0.00 | 574.77 | 0.00 | 0.00 | 574.77 |
| Other financial liabilities (Refer Note - 20 & 25) | 0.00 | 1,534.61 | 0.00 | 2.,26 | 1,536.87 |
| | 1,388.52 | 2,109.38 | 0.00 | 2.26 | 3,500.16 |
| **As at 31st March 2016** | | | | | |
| Borrowings (including current maturities) (Refer Note - 19 & 25) | 1,347.16 | 0.00 | 0.00 | 0.00 | 1,347.16 |
| Trade Payables (Refer Note - 24) | 0.00 | 4,618.14 | 0.00 | 0.00 | 4,618.14 |
| Other financial liabilities (Refer Note - 20 & 25) | 0.00 | 1,541.56 | 0.00 | 1.46 | 1,543.02 |
| | 1,347.16 | 6,159.70 | 0.00 | 1.46 | 7,508.32 |

## Notes to the Financial Statements for the year ended 31st March 2018

c) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of following risk: interest rate risk, foreign currency risk, other price risk. Financial instruments affected by market risk include borrowings, trade receivable and trade payable.

i) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to risk due to interest rate fluctuation on its non-current and current borrowings with floating interest rate. Interest rate risk is determined by current market interest rates, projected debt servicing capability and view on future interest rate. Such interest rate risk is actively evaluated and is managed through portfolio diversification and exercise of prepayment/ refinancing options where considered necessary.

a) **Exposure to interest rate risk**

Rupees in Lakhs

| Particulars | As at 31st March 2018 | As at 31st March 2017 | As at 1st April 2016 |
|---|---|---|---|
| **Fixed Rate instruments** | | | |
| Financial assets | 251.00 | 0.00 | 0.00 |
| Financial liabilities | 547.01 | 472.69 | 472.69 |
| **Variable rate instruments** | | | |
| Financial assets | 0.00 | 0.00 | 0.00 |
| Financial liabilities | 64.54 | 0.00 | 0.00 |

b) **Interest rate sensitivity**

A change in 50 bps in interest rate would have following impact on profit before tax and other equity

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Sensitivity | Impact on | | Sensitivity | Impact on | |
| | | Profit before tax | Other Equity | | Profit before tax | Other Equity |
| Tax Rate | | | 33.063% | | | 33.063% |
| Interest rate increase by | 0.50% | (0.32) | (0.22) | 0.50% | 0.00 | 0.00 |
| Interest rate decrease by | 0.50% | 0.32 | 0.22 | 0.50% | 0.00 | 0.00 |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables remain constant.

ii) **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company does not have significant foreign currency exposure.

a) **Exposure to foreign currency risk**

The Company's exposure to foreign currency risk at the end of the reporting period are as follow :

**Unhedged foreign currency exposure**

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|---|---|---|---|---|---|
| | Foreign Currency | INR | Foreign Currency | INR | Foreign Currency | INR |
| **Financial Assets** | | | | | | |
| Other Current Assets | | | | | | |
| In SGD | 7,461.40 | 3.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| In USD | 1,370.55 | 0.89 | 0.00 | 0.00 | 5,000 | 3.35 |
| In JPY | 8,42,000.00 | 5.18 | 0.00 | 0.00 | 0.00 | 0.00 |
| In THB | 2,40,181.25 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| In GBP | 6,145.39 | 5.67 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 20.44 | | 0.00 | | 3.35 |

## Notes to the Financial Statements for the year ended 31st March 2018

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | As at 31st March 2017 | | As at 1st April 2016 | |
|---|---|---|---|---|---|---|
| | Foreign Currency | INR | Foreign Currency | INR | Foreign Currency | INR |
| **Financial liabilities** | | | | | | |
| Trade payables and other liabilities | | | | | | |
| In USD | 5,16,200.00 | 336.46 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 336.46 | | 0.00 | | 0.00 |
| **Net exposure in foreign currency (Financial Assets -Financial Liabilities)** | | | | | | |
| In SGD | 7,461.40 | 3.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| In USD | (5,14,829.45) | (335.57) | 0.00 | 0.00 | 5,000 | 3.35 |
| In JPY | 8,42,000.00 | 5.18 | 0.00 | 0.00 | 0.00 | 0.00 |
| In THB | 2,40,181.25 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| In GBP | 6,145.39 | 5.67 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | (316.02) | | 0.00 | | 3.35 |

b) **Sensitivity analysis**

The analysis is based on assumption that the increase/decrease in foreign currency by 5% with all other variables held constant, on the unhedged foreign currency exposure would have following impact on profit before tax and other equity.

Rupees in Lakhs

| Particulars | As at 31st March 2018 | | | As at 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | Sensitivity | Impact on | | Sensitivity | Impact on | |
| | | Profit before tax | Other Equity | | Profit before tax | Other Equity |
| Tax Rate | | | 33.063% | | | 33.063% |
| USD Sensitivity - Increase | 5.00% | (15.80) | (11.00) | 5.00% | 0.00 | 0.00 |
| USD Sensitivity - decrease | 5.00% | 15.80 | 11.00 | 5.00% | 0.00 | 0.00 |

**iii) Other Price Risk**

The Company's exposure to securities price risk arises from investments held by the Company and classified in the balance Sheet either at fair value through OCI or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long term nature of securities held by the Company, fluctuation in their prices are considered acceptable and do not warrant any management.

**51. First time adoption- transition to Ind AS**

**Basis for preparation**

For all period up to and including the year ended 31st March, 2017, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended 31st March, 2018 are the Company's first annual IND AS financial statements and have been prepared in accordance with Ind AS.

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31st March, 2018, the comparative information presented in these financial statements for the year ended 31st March, 2017 and in the preparation of an opening Ind AS balance sheet as at 1st April, 2016 (the date of transition). This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

## Notes to the Financial Statements for the year ended 31st March 2018

### 51.1 Exceptions and Exemptions Applied

Ind AS 101 "First-time adoption of Indian Accounting Standards" (hereinafter referred to as Ind AS 101) allows first time adopters certain mandatory exceptions and optional exemptions from the retrospective application of certain Ind AS, effective for 1st April, 2016 opening balance sheet. In preparing these financial statements, the Company has applied the below mentioned mandatory exceptions and optional exemptions.

**A Mandatory exceptions to retrospective application**

The Company has applied the following exceptions to the retrospective application of Ind AS as mandatorily required under Ind AS 101 "First Time Adoption of Indian Accounting Standards":

i) **Estimates**

As per para 14 of Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS or at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per para 16 of the standard, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition or at the end of the comparative period. The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statement that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/or FVTOCI.
- Impairment of financial assets based on the expected credit loss model.

ii) **Classification and measurement of financial assets**

Para B8 - B8C of Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively.

**B Optional exemptions from retrospective application**

Ind AS 101 "First time Adoption of Indian Accounting Standards" permits Companies adopting Ind AS for the first time to take certain exemptions from the full retrospective application of Ind AS during the transition. The Company has accordingly on transition to Ind AS availed the following key exemptions:

i) **Property, plant and equipment**

As per Ind AS 101, property, plant and equipment has been carried in accordance with previous GAAP carrying values as per Ind AS requirement at the date of transition.

### 51.2 Transition to Ind AS - Reconciliations

The following reconciliations provide the explanation and qualification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101 "First Time Adoption of Indian Accounting Standards".

a) Reconciliation of Balance sheet as at 1st April, 2016 (Transition Date) and as at 31st March, 2017
b) Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2017
c) Reconciliation of Statement of Cash Flows for the year ended 31st March, 2017
d) Reconciliation of Total Equity as at 1st April, 2016 and 31st March, 2017

## Notes to the Financial Statements for the year ended 31st March 2018

### 51.2 (a) Effect of Ind AS adoption on the Balance Sheet as at 31st March 2017 and 1st April 2016

Rupees in Lakhs

| PARTICULARS | Foot Note Reference | Balance Sheet as at 31st March 2017 Previous GAAP | Effect of transition to Ind AS | Ind AS | Opening Balance Sheet as at 1st April 2016 Pervious GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | |
| **Non-Current Assets** | | | | | | | |
| a) Property, Plant & Equipment | | 1,343.98 | 0.00 | 1,343.98 | 1,451.56 | 0.00 | 1,451.56 |
| b) Capital Work in Progress | | 82.11 | 0.00 | 82.11 | 114.31 | 0.00 | 114.31 |
| c) Financial Assets | | | | | | | |
| i) Investments | | 0.06 | 0.00 | 0.06 | 0.06 | 0.00 | 0.06 |
| ii) Other Financial Assets | | 23.67 | 0.00 | 23.67 | 27.24 | 0.00 | 27.24 |
| d) Non-Current Tax Assets (Net) | | 70.49 | 0.00 | 70.49 | 56.98 | 0.00 | 56.98 |
| e) Other Non Current Assets | | 96.43 | 0.00 | 96.43 | 62.42 | 0.00 | 62.42 |
| **Total Non - Current Assets** | | **1,616.74** | **0.00** | **1,616.74** | **1,712.57** | **0.00** | **1,712.57** |
| **Current Assets** | | | | | | | |
| a) Inventories | | 2,334.93 | 0.00 | 2,334.93 | 4,714.19 | 0.00 | 4,714.19 |
| b) Financial assets | | | | | | | |
| i) Trade Receivables | | 1,387.17 | 0.00 | 1,387.17 | 2,420.96 | 0.00 | 2,420.96 |
| ii) Cash and Cash Equivalents | | 171.73 | 0.00 | 171.73 | 137.33 | 0.00 | 137.33 |
| iii) Other Financial Assets | | 21.27 | 0.00 | 21.27 | 215.37 | 0.00 | 215.37 |
| c) Current Tax Assets (Net) | | 31.41 | 0.00 | 31.41 | 13.77 | 0.00 | 13.77 |
| d) Other Current Assets | | 201.36 | 0.00 | 201.36 | 149.38 | 0.00 | 149.38 |
| **Total Current Assets** | | **4,147.87** | **0.00** | **4,147.87** | **7,651.00** | **0.00** | **7,651.00** |
| **Total Assets** | | **5,764.61** | **0.00** | **5,764.61** | **9,363.57** | **0.00** | **9,363.57** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| a) Equity Share Capital | | 365.93 | 0.00 | 365.93 | 365.93 | 0.00 | 365.93 |
| b) Other Equity | a | (911.07) | 26.98 | (884.09) | (1,252.44) | 37.71 | (1,214.73) |
| **Total Equity** | | (545.14) | 26.98 | (518.16) | (886.51) | 37.71 | (848.80) |
| **Non-Current Liabilities** | | | | | | | |
| a) Financial Liabilities | | | | | | | |
| i) Borrowings | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Other Financial Liabilities | | 2.26 | 0.00 | 2.26 | 1.46 | 0.00 | 1.46 |
| b) Provisions | | 2,220.69 | 0.00 | 2,220.69 | 2,220.69 | 0.00 | 2,220.69 |
| c) Deferred Tax Liabilities (Net) | a | 236.26 | (26.98) | 209.28 | 277.74 | (37.71) | 240.03 |
| d) Other Non-Current Liabilities | | 54.27 | 0.00 | 54.27 | 81.61 | 0.00 | 81.61 |
| **Total Non-Current Liabilities** | | **2,513.48** | **(26.98)** | **2,486.50** | **2,581.50** | **(37.71)** | **2,542.33** |
| **Current Liabilities** | | | | | | | |
| a) Financial Liabilities | | | | | | | |
| i) Trade Payables | | 574.77 | 0.00 | 574.77 | 4,618.14 | 0.00 | 4,618.14 |
| ii) Other Financial Liabilities | | 2,923.13 | 0.00 | 2,923.13 | 2,888.72 | 0.00 | 2,888.72 |
| b) Other Current Liabilities | | 298.37 | 0.00 | 298.37 | 161.72 | 0.00 | 161.72 |
| **Total Current Liabilities** | | **3,796.27** | **0.00** | **3,796.27** | **7,668.58** | **0.00** | **7,668.58** |
| **Total Liabilities** | | **6,309.75** | **(26.98)** | **6,282.77** | **10,250.08** | **(37.71)** | **10,212.37** |
| **Total Equity and Liabilities** | | **5,764.61** | **0.00** | **5,764.61** | **9,363.57** | **0.00** | **9,363.57** |

The previous GAAP figure have been reclassified to conform to Ind AS presentational requirements for the purpose of this note.

# Notes to the Financial Statements for the year ended 31st March 2018

## 51.2 (b) Effect of Ind As adoption on the Statement of Profit & Loss for the year ended 31st March 2017

Rupees in Lakhs
Year ended 31st March 2017

| PARTICULARS | Foot Note Reference | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|---|
| **INCOME** | | | | |
| Revenue from operations | | 34,106.29 | 0.00 | 34,106.29 |
| Other income | | 425.05 | 0.00 | 425.05 |
| **Total Income** | | **34,531.34** | **0.00** | **34,531.34** |
| **EXPENSES** | | | | |
| Cost of materials consumed | | 22,445.70 | 0.00 | 22,445.70 |
| Changes in inventories | | 611.56 | 0.00 | 611,56 |
| Employees benefit expense | | 7,620.93 | 0.00 | 7,620.93 |
| Finance Cost | | 41.37 | 0.00 | 41.37 |
| Depreciation and amortization expenses | | 242.96 | 0.00 | 242.96 |
| Other Expenses | | 3,074.45 | 0.00 | 3,074.45 |
| **Total Expenses** | | **34,036.97** | **0.00** | **34,036.97** |
| **Profit/(Loss) Before Tax** | | 494.37 | 0.00 | 494.37 |
| **Tax Expenses** | | | | |
| Current Tax Expenses | | 193.86 | 0.00 | 193.86 |
| Deferred Tax Expense / (Credit) | **a** | (41.48) | 10.73 | (30.75) |
| Income Tax for Earlier Years (net) | | 0.62 | 0.00 | 0.62 |
| | | **153.00** | **10.73** | **163.73** |
| **Profit/(Loss) for the year** | **a** | **341.37** | **(10.73)** | **330.64** |
| **Other Comprehensive income for the year** | | **0.00** | **0.00** | **0.00** |
| **Total Comprehensive income for the year** | | **341.37** | **(10.73)** | **330.64** |

The previous GAAP figure have been reclassified to conform to Ind AS presentational requirements for the purpose of this note.

## 51.2 (c) Effect of Ind AS adoption on the Statement of Cash Flows for the year ended 31st March 2017

Rupees in Lakhs

| **PARTICULARS** | Previous GAAP | Effect of transition to Ind AS | Ind AS |
|---|---|---|---|
| Net Cash Flow from operating activities | (177.01) | 0.00 | (177.01) |
| Net Cash (used in) investing activities | 252.78 | 0.00 | 252.78 |
| Net Cash flow from financing activities | (41.37) | 0.00 | (41.37) |
| **Net increase in cash and cash equivalents** | **34.40** | **0.00** | **34.40** |
| Cash and cash equivalents as at beginning of the year | 137.33 | 0.00 | 137.33 |
| Effect of exchange rate changes on cash and cash equivalent | 0.00 | 0.00 | 0.00 |
| **Cash and cash equivalents as at end of the year** | **171.73** | **0.00** | **171.73** |

# Notes to the Financial Statements for the year ended 31st March 2018

**51.2 (d) Reconciliation of Total Equity as at 31st March 2017 and 1st April 2016**

| PARTICULARS | Foot Note Reference | As at 31st March 2017 | As at 1st April 2016 |
|---|---|---|---|
| Total Equity as reported under previous GAAP | | (545.14) | (886.51) |
| Transferred to Deferred Tax Assets | a | 26.98 | 37.71 |
| Tax on above | | 0.00 | 0.00 |
| **Total Equity as per Ind AS** | | **(518.16)** | **(848.80)** |

**Footnotes :**

**a) Deferred Tax**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of other equity as at the date of transition and subsequently in the profit and loss or other comprehensive income for the year ended 31st March, 2017.

**b) Reclassification**

The Company has done the following reclassifications as per the requirements of Ind-AS :

1) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.

2) Jute manufacturing Cess on sales was earlier netted off with Revenue from Operations, now the Revenue from Operations is representing gross figure with a corresponding increase in expenses.

**52.** Previous GAAP figures have been reclassified/regrouped to conform the presentation requirements under Ind AS and the requirements laid down in Division II of the Schedule III of the Companies Act, 2013.

The Notes are integral part of the financial statements.

In terms of our Report of even date
For KHANDELWAL RAY & CO.
Chartered Accountants
Registration No. 302035E
Supriyo Raychaudhuri
Partner, Membership No. 037202
Kolkata, The 30th day of May, 2018.

Ravindra Kumar Poddar
Chairman and CEO
(DIN : 00240643)

Sanjay Kumar Osatwal
Managing Director and CFO
(DIN : 00248585)

Dilip Datta
Director
(DIN : 00406151)

Madhu Jain
Director
(DIN : 07129506)

Ram Karan Gupta
Secretary

## NOTES

## NOTES