

CORPORATE OFFICE :

1st floor, 137 Hubtown Solaris,
N.S. Phadke Road, Opp. Teli Gali,
Near Andheri East West Flyover Bridge.
Andheri East. Mumbai - 400069 (INDIA).
CIN No. L24232MP1989PLC005390
Tel. : 91-22-6863 4200 / 6863 4206
Fax : (91) 022-2206 3929
E-mail : poltd@panchsheelorganics.in
Website : <http://www.panchsheelorganics.com>



**Panchsheel
Organics
Limited**

**MFGRS. OF: BULK DRUGS
& FORMULATIONS**

4th September, 2020

To,
BSE Limited,
The Corporate Relations Department,
PJ Tower, Dalal Street, Fort,
Mumbai- 400 001.

Sub: Submission of Annual Report pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Scrip Code: 531726

Dear Sirs/ Madam,

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Annual Report for the Financial Year 2019-20 along with the Notice of Annual General Meeting schedule to be held on 30th September, 2020 at 12: 00 Noon through Video Conferencing and Other audio visual means which is being dispatched/sent to the members through e-mail.

The same is also available on the Company's website, www.panchsheelorganics.com

Kindly take the same on your record.

Thanking you.

Yours Faithfully,
For PANCHSHEEL ORGANICS LIMITED

AMIT JAIN

COMPANY SECRETARY

eCSIN: EA060998B000022181



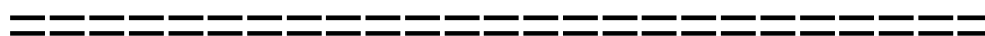
Panchsheel Organics Limited

Annual Report 2019-20



PANCHSHEEL ORGANICS LIMITED

(CIN: - L24232MP1989PLC005390)



ANNUAL REPORT 2019-20

31st ANNUAL GENERAL MEETING

On Wednesday, the 30th day of September 2020

**Conducted through Video Conferencing and Other Audio Visual Means at 12:00
Noon**

Website: - www.panchsheelorganics.com, E-Mail Id: - poltd@panchsheelorganics.in



PANCHSHEEL ORGANICS LIMITED

ANNUAL REPORT 2019-20

BOARD OF DIRECTORS

Mr. Mahendra A. Turakhia	Chairman & Managing Director	DIN – 00006222
Mr. Kishor A. Turakhia	Promoter/ Executive Director	DIN – 00006236
Mrs. Paresha R. Turakhia	Executive director	DIN – 08436437
Mr. Diwakar Mani Tripathi	Non-executive and Independent Director	DIN – 06912629
Mr. Shambhunath Chakravarti	Non-executive and Independent Director	DIN – 06924557
Mrs. Darshana Vishal Shah	Non-executive and Independent Director	DIN – 07360922

CHIEF FINANCIAL OFFICER

Mr. Rajesh A. Turakhia

COMPANY SECRETARY

Mr. Amit Vinay Jain (w.e.f. 24th December, 2019)

REGISTERED OFFICE

B6 & B7, Sector – C, Industrial Area,
Sanwer Road, Indore (MP) – 452015.

CORPORATE OFFICE

137,138 Hubtown Solaris, Prof. N S Phadke Marg,
Opp. Teli Gali, Andheri East, Mumbai-400069

PLANT

B6 & B7, Sector – C, Industrial Area,
Sanwer Road, Indore (MP) - 452015

BANKERS

Yes Bank Ltd,
Horniman Circle, Mumbai

STATUTORY AUDITORS

Jayesh R. Shah & Co.

Chartered Accountants

SECRETARIAL AUDITORS

GMS & Co.,

Practicing Company Secretaries

SHARE TRANSFER AGENTS

Purva Sharegistry (India) Pvt. Ltd.
Unit No. 9, ShivShakti Industrial Estate,
J .R. Boricha Marg, Lower Parel (E)
Mumbai - 400 011

EVEN: 113998

ISIN: INE316G01019



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NOTICE

NOTICE is hereby given that 31st Annual General Meeting (AGM) of the Members of the Panchsheel Organics Limited will be held on Wednesday, September 30, 2010 at 12:00 noon through video conferencing (VC) / other audio visual means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2020 and Statement of Profit & Loss for the year ended on that date and the Reports of the Auditors thereon.
2. To appoint a Director in place of Mrs. Paresha Rajesh Turakhia who retires by rotation, and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

3. Re-appointment of Mr. Mahendra Abhaychand Turakhia (DIN: 00006222) as Managing Director for another term of 5 years:

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provision of Section 196, 197 and 203 read Schedule V and any other applicable provision of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof for the time being in force) pursuant to Regulation 17 (1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to any other approval, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr. Mahendra A. Turakhia (DIN: 0000622), aged 74 years to continue as Managing Director of the Company for a period of Five Year with effect from 31st August, 2020 upon the terms and conditions set out in the explanatory statement annexed to the notice convening this meeting (including remuneration to be paid to in the event of loss or inadequacy of profits in any financial year during a period of 5 years from the date of his appointment) with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” (which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. Mahendra Turakhia at such remuneration as may be determined by the Board from time to time within the maximum limit of remuneration as approved by the members on such terms and conditions as set out in appointment letter.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution.”



4. To approve payment of Remuneration to Kishore Turakhia (DIN:00006236) , Executive Director:

To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014(including any statutory modification(s) or reenactment(s) thereof, for the time being in force), approval of the Company be and is hereby accorded for the payment of remuneration and terms of remuneration payable to, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year to Mr. Kishore Turakhia (DIN: 00006236), as Executive Director of the Company for a period of three years from 01.04.2020 to 31.03.2023 on the terms and conditions, as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Directors /Nomination and Compensation Committee to alter and vary the terms and conditions of the said payment of remuneration in such manner as may be agreed between the Board of Directors and Mr. Kishore Turakhia.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution.”

5. Holding of office or Place of Profit by Mr. Rajesh A Turakhia, CFO of the Company:

To consider and, if thought fit, to pass, the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions section 188, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the ‘Act’) read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), other applicable laws and in accordance with the recommendation of the Nomination & Remuneration Committee, the Audit Committee and the Board of Directors, consent of the members of the Company Bank be and is hereby accorded that Mr. Rajesh Turakhia, who is relative of Managing Director & Promoter of the Company is permitted to hold office or place of profit in the Company as Chief Financial Officer, on such terms and conditions as may be decided by the Board of Directors and paid remuneration (excluding allowances and reimbursement of expenses in line with the Company’s Policy) of 26,60,000/- (Rupees Twenty Six lacs sixty Thousand Only) per annum as set out in the explanatory statement attached hereto which shall be deemed to form part hereof, subject to alteration and variation in the terms and conditions of the said appointment and remuneration, from time to time, in line with the policy of the Company, applicable provisions of Companies Act,2013 and within the limits approved by the Members and subject to such approvals, as may be necessary.



6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to provisions of 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors to borrow money, from time to time at its discretion either from the Company’s bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate R 2,50,00,00,000/- [Rupees Two Hundred & fifty Crores Only] notwithstanding that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves that it is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto and to sign and execute on behalf of the Company such agreements, deeds, applications, documents and writings as may be required in this regard and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent be and is hereby accorded to the Board of Directors or any Committee constituted by the Board (hereinafter referred to as ‘the Board’) for creating the mortgage/pledge/hypothecation/charge on the whole or part of the Company’s land, building thereon, machinery, stocks, book debts and all other assets whether movable or immovable of the Company situated in India or abroad in one or more Branches and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of any of the financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) to secure the working capital facilities/term loans/corporate loans/debentures/other credit facilities raised/to be raised by the Company from such financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) together with interest at the respective agreed rates, compound/additional interest, commitment charge, charges on prepayment or on redemption, costs, charges, expenses and all other moneys payable/to be payable to the financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) in terms of their respective agreements/letters of sanction/memorandum of terms and conditions, entered into/to be entered into by the Company in respect of the said working capital facilities/term loans/corporate loans/debentures/other credit facilities up to a sum not exceeding R 2,50,00,00,000/- [Rupees Two Hundred & fifty Crores Only] at any time;



“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take such actions and steps as may be necessary and to settle all matters arising out of and incidental thereto and to finalize the form, extent and manner of and the documents and deeds, as may be applicable, for creating the mortgage/pledge/hypothecation/ charge on the whole or part of the Company’s land, building thereon, machinery, stocks, book debts and all other assets whether movable or immovable of the Company situated in India or abroad on such terms and conditions as may be decided by the Board in consultation with the lenders and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

For PANCHSHEEL ORGANICS LIMITED

Sd/-

Mahendra A. Turakhia
Managing Director
(DIN: 00006222)

Date: 31/08/2020

Place: Mumbai

Regd. Office.:

B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,
Indore, Madhya Pradesh -452015.

CIN: L24232MP1989PLC005390

☎ 0731-2721709 ☎ 91-22063929 ✉ www.panchsheelorganics.com



NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporate are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.panchsheelorganics.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.



7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on Sunday, September, 27, 2020 at 09:00 A.M. and ends on Tuesday, September, 29, 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

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

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

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

Details on Step 1 is mentioned below:

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

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
---	-------------------------



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

5. Your password details are given below:

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



6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

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



General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to acs.gaurangshah@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to poltd@panchsheelorganics.in
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to poltd@panchsheelorganics.in

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.



INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at (company email id)..
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.



PROCEDURE FOR REGISTRATION OF E-MAIL ADDRESS AND BANK DETAILS BY SHAREHOLDERS:-

i. For Temporary Registration of e-mail id for Demat shareholders:

The Members of the Company holding Equity Shares of the Company in Demat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Purva Shareregistry (India) Pvt. Ltd. by clicking the link: <http://www.purvashare.com/email-and-phone-updation/> in their web site www.purvashare.com and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number and e-mail id. In case of any query, a member may send an e-mail to RTA at support@purvashare.com.

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

ii. For Permanent Registration of e-mail id for Demat shareholders:

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

iii. Registration of email id for shareholders holding physical shares:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their e-mail addresses may get their e-mail addresses registered with Purva Shareregistry (India) Pvt. Ltd., by clicking the link: <http://www.purvashare.com/email-and-phone-updation/> in their web site www.purvashare.com and follow the registration process as guided therein. The members are requested to provide details such as Name, Folio Number, mobile number and e mail id. In case of any query, a member may send an e-mail to RTA at support@purvashare.com.

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

iv. Registration of Bank Details for physical shareholders:

The Members of the Company holding Equity Shares of the Company in physical Form and who have not registered their bank details can get the same registered with PurvaShareregistry (India) Pvt. Ltd., by sending E mail at support@purvashare.com. The members are requested to provide details such as Name, Folio Number, Certificate number, PAN, e – mail id on a covering letter requesting to update the bank details signed by all the shareholder(s), self attested PAN card copy and address proof along with the copy of the cheque leaf with the first named shareholders name imprinted in the face of the cheque leaf containing bank name and branch, type of account, bank account number, MICR details and IFSC code in PDF or JPEG format. In case of any query, a member may send an e-mail to RTA at support@purvashare.com.



v. **Registration of Bank Details for Demat shareholders:**

It is clarified that for registration of bank details, the Members are requested to register their bank details, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

The following explanatory statement sets out all material facts relating to various Business including Special Business of the accompanying Notice of the Annual General Meeting to be held on 30.09.2020

Item No. 3.

Mr. Mahendra A. Turakhia was appointed as Managing Director of the Company by the members at the 23rd AGM of the Company held on 29th September, 2012. The Board, in its meeting held on 31st August, 2020 has upon recommendation of nomination and remuneration committee and subject to approval of members approved the re-appointment of Mr. Mahendra Turakhia aged 74 years to continue as Managing Director of the Company for further period of five years.

The Board has taken the decision after recommendation from Nomination and Remuneration Committee and subject to the approval of the members of the Company. Mr. Mahendra A. Turakhia is not disqualified from being re-appointed as a Managing Director in term of Section 164 of the Companies Act, 2013. He has communicated his willingness to be re-appointed and has given consent to act as Managing Director of the Company. He satisfies all the conditions as set out in Section 196 (3) of the said Act and Part-I of Schedule V thereof and hence, is eligible for re-appointment.

A brief profile of Mr. Mahendra A. Turakhia is provided in the Corporate Governance Report under “General Shareholders Information” pursuant to provision of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and Secretarial Standards on General Meetings-2 as issued by Institute of Company Secretaries of India.

Remuneration to be paid to Mr. Mahendra A. Turakhia, Managing Director of the Company shall be as follows:

1.	Salary	Rs. 27,60,000 lakhs/- Per annum
2.	Perquisites	Perquisites will be allowed in addition to salary as under:
		I. Provident Fund: The Company shall contribute towards provident fund as per the rules of the Company
		II. Gratuity: Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act.
		III. The above benefit shall not be included in the computation of ceiling on remuneration or perquisites aforesaid
	Other terms & Conditions	Reimbursement of entertainment expenses actually and properly incurred in course of business of the Company shall be allowed
		No sitting fees shall be paid for attending the meeting of the Board of Director or Committee thereof.



It is proposed to seek Members' approval for the re-appointment of and remuneration payable to Mr. Mahendra A. Turakhia as managing Director, in terms of applicable provision of the said Act and Rules made thereunder.

Save and except Mr. Mahendra A. Turakhia, Kishore Turakhia, Paresha R Turakhia and their relatives to the extent of their shareholding interest, if any, in the Company, none of other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the aforesaid resolution.

Item No. 4.

Payment of Remuneration to Mr. Kishor Turakhia, Executive Director of the Company:

Mr. Kishor A. Turakhia is appointed as Executive Director of the Company by the members since 02nd August, 1989. The Board, in its meeting held on 31st August, 2020 has upon recommendation of nomination and remuneration committee and subject to approval of members approved the payment of Remuneration payable to Mr. Kishor Turakhia for 3 years w.e.f. 01.04.2020 to 31.03.2023.

The Board has taken the decision after recommendation from Nomination and Remuneration Committee and subject to the approval of the members of the Company. Mr. Kishore A. Turakhia is not disqualified in term of Section 164 of the Companies Act, 2013. He satisfies all the conditions as set out in Section 196 (3) of the said Act and Part-I of Schedule V thereof.

Remuneration to be paid to Mr. Kishor A. Turakhia, Executive Director of the Company shall be as follows:

1.	Salary	Rs. 26,60,000 lakhs/- Per annum
2.	Perquisites	Perquisites will be allowed in addition to salary as under:
		I. Provident Fund: The Company shall contribute towards provident fund as per the rules of the Company
		II. Gratuity: Gratuity payable shall be in accordance with the provisions of the payment of Gratuity Act.
		III. The above benefit shall not be included in the computation of ceiling on remuneration or perquisites aforesaid
	Other terms & Conditions	Reimbursement of entertainment expenses actually and properly incurred in course of business of the Company shall be allowed
		No sitting fees shall be paid for attending the meeting of the Board of Director or Committee thereof.

It is proposed to seek Members' approval for the remuneration payable to Mr. Kishore A. Turakhia as Executive Director, in terms of applicable provision of the said Act and Rules made thereunder.

Save and except Mr. Kishore A. Turakhia, Mahendra Turakhia, Paresha Turakhia and their relatives to the extent of their shareholding interest, if any, in the Company, none of other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the aforesaid resolution.



Item No.5

The Audit Committee, Nomination & Remuneration Committee and the Board of Directors of the Company have recommended the payment of remuneration of Mr. Rajesh Turakhia ,who is Promoter , held the office of director till 30th April,2019 and relative of Mr. Mahendra Turakhia, Managing Director, Kishore Turakhia , Director as Brother and Spouse of Mrs. Paresha Turakhia, Director at their meetings held on 30th April, 2019 and August 31, 2020, respectively, in terms of the provisions of Section 177, 188 and other applicable provisions of the Companies Act, 2013 (the 'Act').

Section 188(1)(f) of the Companies Act, 2013 read with Rule 15(3) (i) of Companies (Meetings of Board and its Powers) Rules, 2014 as amended, provides that related party's appointment to any office or place of profit in the Company carrying monthly remuneration exceeding 250,000/- shall be subject to approval by the Board of Directors of the Company and the Members of the Company.

Further, fourth proviso to Section 188(1) of the Act prescribes that nothing in this sub-section shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis. Although, the above transaction is at arms' length basis and in ordinary course of business for the Company , approval of shareholders is sought by way of Special Resolution as a good governance practice.

Given below is a statement of disclosures as required under the Companies (Meetings of Board and its Powers) Rules, 2014:

- a. Name of the related party: Mr. Rajesh Turakhia
- b. Name of the director or key managerial personnel who is related, if any: Mr. Mahendra Turakhia, Mr. Kishore Turakhia and Paresha Turakhia
- c. Nature of relationship: Mr. Rajesh Turakhia, is related to Mr. Mahendra Turakhia , Managing Director and Mr. Kishore Turakhia Executive Director, as brother. Mrs. Paresha Rajesh Turakhia, Director is spouse of Mr. Rajesh Turakhia
- d. Nature, material terms, monetary value and particulars of the contract or arrangement:
 - Mr. Rajesh Turakhia to hold the office or place of profit as Chief Financial Officer on a remuneration payable up to maximum limit of 26,60,000/- (Rupees Twenty Six lacs Sixty Thousand Only) per annum in line with the applicable provisions of the act and Policy of the Company, as may be approved by the Board or any committee thereof as may be authorized by the Board.
 - Other benefits, perquisites, allowances, amenities and facilities, as applicable as per the applicable policy of the Company.
 - Annual increment and performance incentives in line with the Policy of the Company
 - Promotion, change in cadre or role and responsibilities in line with the Policy of the Company.

Accordingly, the Board recommends the special resolution as set out in Item No.5 for the approval of members.



Except Mr. Mahendra A. Turakhia, Kishore Turakhia, Mrs. Paresha Rajesh Turakhia and their relatives to the extent of their shareholding interest, if any, in the Company, none of other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the aforesaid resolution as set out in Item No. 04 of the notice.

Item No.6&7.

Pursuant to the erstwhile provisions of Sections 293(1)(d) and 293(1)(a) of the Companies Act, 1956, the Board of Directors was authorized by the Members of the Company to borrow moneys on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. R 2,50,00,00,000/- [Rupees Two Hundred & fifty Crores Only] at any point of time and also, to secure the said borrowings by creating mortgage/charge on all or any of the movable/immovable properties of the Company. Accordingly, in order to remain compliant with the provisions of Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the consent of the Members is being sought by way of special resolutions for authorizing the Board of Directors to borrow moneys on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs. R 2,50,00,00,000/- [Rupees Two Hundred & fifty Crores Only] at any point of time and also, to secure the same by creating the mortgage/pledge/hypothecation/charge on the whole or part of the Company's land, building thereon, machinery, stocks, book debts and all other assets of the Company whether movable or immovable, situated in India or abroad. None of the Directors and Key Managerial Personnel or relatives of them are interested in the above resolution. The Board of Directors recommends the resolutions set forth in Item Nos. 09 & 10 for the approval of the Members as Special Resolutions.

For PANCHSHEEL ORGANICS LIMITED

Sd/-

MAHENDRA A. TURAKHIA

MANAGING DIRECTOR

(DIN: 00006222)

Date: 31st August, 2020

Place: Mumbai

Regd. Office.:

B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,
Indore, Madhya Pradesh -452015.

CIN: L24232MP1989PLC005390

☎ 0731-2721709 ☎ 91-22063929 ✉ www.panchsheelorganics.com

**DIRECTOR'S REPORT**

To

The Members,

PANCHSHEEL ORGANICS LIMITED

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

FINANCIAL RESULTS*(In Rupees)*

	Current Year Rupees	Previous Year Rupees
Total Income		
Sales & income from Operation		
Domestic	48,53,66,186	47,11,16,000
Export	1,96,11,219	1,12,29,000
	50,49,77,405	48,23,45,000
<i>Less : Excise Duty</i>	0	0
<i>Add: Other Income</i>		
Other operation Income	18,81,318	27,87,000
TOTAL	50,68,58,723	48,51,32,000
Expenditure		
Operating Expenditure	35,97,20,737	36,79,56,000
Administrative and other expenditure	6,86,60,790	4,60,79,000
Finance Charges	30,67,284	38,74,000
(Increase)/ Decrease in stocks	(88,30,593)	(10,02,000)
Depreciation for the Year	1,11,26,878	1,16,46,000
TOTAL	43,37,45,095	42,85,53,000
Profit Before Tax	7,31,13,628	5,65,80,000
Less: Current tax	(2,26,70,568)	(1,82,64,000)
Excess or short income tax provision	11,13,513	-
Deferred Tax	13,37,885	20,53,000
Profit after Tax	5,28,94,458	4,03,69,000

PERFORMANCE

During the year 2019-20, under review your Company achieved turnover of Rs. 50,49,77,405 as compared to the previous year 2018-19 of Rs. 48,23,45,000, registering a increase.



DIVIDEND

Your Directors have not recommended any Dividend for the Financial Year 2019-20 to conserve the resources for future requirements.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

Your Company has no subsidiaries, joint ventures and associate Companies.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

A report on Management Discussion and Analysis covering industry structure and developments, financial and operational performance of the Company, risks, concerns, opportunities, threats and outlook forms a part of this Report.

RESERVES

Your Company has not transferred any amount out of the profit of the year to the General Reserve.

SHARE CAPITAL

During the year under review, there was no change in the Equity Share Capital of the Company.

The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise, during the year under review.

The Company has not issued ESOP or sweat equity shares to Directors or employees, during the year under review.

PHARMACEUTICAL INDUSTRY

According to the IMF, global economic growth slowed down from 3.6% in 2018 to 2.9% in 2019 (Source: IMF). Rising trade tensions between the US and China, possibility of a 'no-deal' Brexit and a slowdown in China were some of the pressure points. Post the pandemic breakout globally in the first quarter of 2020, world economies were forced to lockdown. Consequently, global economic output is likely to decline by 3% in 2020.



In India, the pharmaceutical industry remained on firm footing during the year. Improved accessibility to medicines, better purchasing power and rising diagnosis of chronic diseases aided prospects of the domestic industry.

BUSINESS REVIEW

The Company's operations continue to be mainly focused in the areas of manufacture and exporter of Active Pharma Ingredients(APIs), Intermediates & Finished Formulations (both Human & Veterinary) having a wide experience of more than four decades in the healthcare field.

Your company having rich experience, expertise and a proven track-record in the field of Pharma Export-Import trading, dealing in a wide range of globally sourced, as well as indigenously manufactured, best-in-their-class life-saving medicines covering APIs, Intermediates, Specialty Chemicals, Hormones, steroids etc.

OUTLOOK

In the business of pharmaceutical manufacture and marketing, there is a premium to be paid for product and process integrity derived from the highest manufacturing standards. In line with this priority, Panchsheel established world-class formulation manufacturing facilities. These facilities leveraged state-of-the-art technologies, best practices and stringent regulatory compliances. These Centers of Excellence periodically reinforced their commitment to create products of the highest quality.

RISK AND CONCERN

The Company has a robust Business Risk Management framework to identify, evaluate business risk and opportunities. This framework seeks to create transparency, minimize, adverse impact on the business objectives and enhance the Company's competitive advantage. The framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks, trends, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.



ADEQUACY OF INTERNAL CONTROL

The Company has a proper and adequate system of internal control in all spheres of its activities to ensure that all its assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported diligently. The Internal control is supplemented by an effective internal audit being carried out by an external firm of Chartered Accountants.

The Company ensures adherence to all internal control policies and procedures as well as compliances with all regulatory guidelines.

The Audit Committee of the Board of Directors reviews the adequacy of internal controls.

HUMAN RESOURCES

Relations remained cordial with employees at all levels during the year.

CORPORATE GOVERNANCE

The Company has complied with applicable provisions of Corporate Governance as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditors' Certificate.

DEPOSITS

Your Company has not accepted any public deposits during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm that:

1. In the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed and that there are no material departures from the same;
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit for the year ended on that date;



3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual Accounts for the Financial Year ended 31st March, 2020 have been prepared on a 'going concern' basis.
5. Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
6. Proper systems devised to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

POLICIES

Your Company always strives to promote and follow the highest level of ethical standards in all its business transactions. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated formulation of certain policies for all listed companies. All the policies adopted by your Company are available on the website www.panchsheelorganics.com. These policies are reviewed periodically by the Board and updated based on need and new compliance requirement. Key policies that have been adopted by the Company are as follows:

1. Code of Conduct for Board of Directors and Senior Managerial Personnel
2. Code to Regulate Monitor and Report on trading by insider
3. Policy on Related Parties Transactions
4. Corporate Social Responsibility (CSR) Policy
5. Whistle Blower Policy (Vigil Mechanism)
6. Policy on Fair Disclosure of Unpublished Price Sensitive Information
7. Policy on Materiality Disclosure

DIRECTOR:

Your Company's Board comprises of 6 (Six) Directors, of which 3 (Three) Directors are Non Executive Independent Directors and 3 (Three) are Executive Directors including Managing Director.



In the financial year 2019-20 Mrs. Paresha Rajesh Turakhia is appointed as Executive Director. Mr. Rajesh Turakhia holds position of Director till 30th April, 2019.

The appointment of Mr. Mahendra Turakhia (DIN: 00006222), Managing Director being eligible is recommended for appointment for as Managing Director for 5 years.

Mrs. Paresha R Turakhia being eligible has offered herself for reappointment as Executive Director at the ensuing Annual General Meeting.

KEY MANAGERIAL PERSONNEL

In the Financial Year 2019-20, Mr. Rajesh Turakhia was appointed as Chief Financial Officer in place of Mr. Chandrakant Shah. Ms. Alpi Jain, CS resigned on 20th December, 2019. The Company has appointed Mr. Amit Jain, Company Secretary and Compliance officer w.e.f. 24th December, 2019.

NUMBER OF MEETINGS OF THE BOARD

During the financial year 2019-20, the Board met 8 (Eight) times on 30.04.2019, 29.05.2019, 10.08.2019, 31.08.2019, 14.11.2019, 24.12.2019, 21.01.2020 and 14.02.2020.

FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

The Board of Directors has adopted a Familiarization Program for Independent Directors of the Company and posted the same on the website of the Company viz. www.panchsheelorganics.com. The Program aims to provide insights into the Company to enable the Independent Directors to understand and significantly contribute to its business.

AUDITORS

Statutory Auditors

At the 27th Annual General Meeting, M/s Jayesh R. Shah & Associates, Chartered Accountants (Firm Regn. No. 104182W), Mumbai, were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the 27th AGM to the conclusion of the 32nd AGM.

Secretarial Auditors



Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. GMS & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year 2019-20. The Secretarial Audit Report is annexed herewith.

COMMITTEES OF THE COMPANY

Currently, the Company has five committees; The Audit Committee, The Nomination and Remuneration Committee, The Stakeholders' Relationship Committee, The Corporate Social Responsibility Committee and The Risk Management Committee. Details of the composition of these committees are given in the Corporate Governance Report which forms part of this Annual Report.

In the Board Meeting held on 31st July, 2020, the Board of Directors has dissolved the Risk Management Committee, as the is inapplicable.

ANNUAL PERFORMANCE EVALUATION:

In compliance with the provisions of the Act, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation was carried out as under:

Board:

In accordance with the criteria suggested by the Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes and Board dynamics. The Independent Directors, at their separate meeting, also evaluated the performance of the Board as a whole based on various criteria. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

Committees of the Board:

The performance of the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the Risk Management Committee was evaluated by the Board having regard to various criteria such as committee composition, committee processes and committee dynamics. The Board was of the unanimous view that all the committees were performing their functions satisfactorily and according to the mandate prescribed by the Board under the regulatory requirements including the provisions of the Act, the Rules framed thereunder and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Individual Directors:

(a) Independent Directors: In accordance with the criteria suggested by the Nomination and Remuneration Committee, the performance of each independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like qualification, experience, availability and attendance, integrity, commitment, governance, independence, communication, preparedness, participation and value addition. The Board was of the unanimous view that each independent director is a reputed professional and brought his rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.

(b) Non-Independent Directors: The performance of each of the non-independent directors (including the Chairperson) was evaluated by the Independent Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. Various criteria considered for the purpose of evaluation included qualification, experience, availability and attendance, integrity, commitment, governance, communication, etc. The Independent Directors and the Board were of the unanimous view that each of the non-independent directors was providing good business and people leadership.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules made there under, the Company has constituted a Corporate Social Responsibility Committee of Directors. The role of the Committee is to review the CSR activities of the Company periodically and recommend the Board the amount of expenditure to be incurred on the CSR activities annually. Annual Report on CSR activities carried out by the Company during F.Y. 2019-20 is enclosed as "Annexure - A" to this report.

EMPLOYEES

The particulars of ratio of remuneration of each director to median remuneration of the employees of the Company for the financial year under report, percentage increase in remuneration of each Director and KMP, etc. more particularly described under Section 197(12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in "Annexure B- Part -A" to this Report.



The statement showing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as “Annexure – B Part- B”.

PARTICULARS OF LOANS AND INVESTMENTS

The details related to Loan, Guarantees and Investments as covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

ADDITION IN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION OF THE COMPANY:

In the Meeting of Board of Directors held on 21st January, 2020, The Board had approved subject to the approval of shareholders which they have assent by passing special resolution on 7th March, 2020 through postal ballot about addition in the main object clause of Memorandum of Association of the Company to capitalize the business opportunities created by e-commerce which enable the Company to trade APIs on online portal.

The details of postal ballot process are provided in “General Body Meetings” of Corporate Governance Report.

ADOPTION OF TABLE F OF SCHEDULE I OF THE COMPANIES ACT, 2013 BY AMENDING ARTICLES OF ASSOCIATION OF THE COMPANY:

The Board of Directors at their meeting held on 21st January, 2020 had approved the amendment of Company’s Articles of Association so as to bring it in conformity with the Companies Act, 2013 with the approval of shareholders taken on 7th March, 2020 by passing Special Resolution through Postal ballot.

The details of postal ballot process are provided in “General Body Meetings” of Corporate Governance Report.

The reason for this amendment was The Articles of Association of the Company was originally adopted when the Company was incorporated under the Companies Act, 1956. The references to specific Sections of the Companies Act, 1956 in the earlier Articles of Association may no longer be in conformity with introduction of new provisions of the Companies Act, 2013. It is therefore proposed to amend the Articles of Association to align it with the provisions of Companies Act,



2013 including the Rules framed there under by adoption of Table F of Schedule I to the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

Your Company has not entered into any transaction during the year with any related parties which are not at arm's length basis. Further your Company has not entered into any material transaction with any related parties during the year.

All Related Party Transactions that were entered into during the financial year were in the ordinary course of business on arm's length basis and repetitive in nature. These transactions were placed before the Audit Committee for information and entered in the Register maintained under Section 189 of the Companies Act, 2013. The Audit Committee has granted omnibus (ad hoc) approval for Related Party Transactions as per the provisions and restrictions contained in the policy framed under Regulation 23 of the SEBI (LODR) Regulations, 2015. Company's Policy on Related Party Transactions is available on the Company's website www.panchsheelorganics.com. Particulars of related party transactions entered into during the FY 2019-20 have been disclosed under Note No. 35 of the Notes to the Financial Statement.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGOING

Pursuant to the requirement under Section 134(3) of the Companies Act, 2013, read with Rule 8 of Companies (Accounts) Rules, 2014, a statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed hereto and form part of the report.

SEXUAL HARASSMENT

Entire staff in the Company is working in a most congenial manner and there are no occurrences of any incidents of sexual harassment during the year.

VIGIL MECHANISM / WHISTLE BLOWER POLICY



Your Company has in place a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. Under the policy, an effective vigil mechanism for directors and employees has been established to report their genuine concerns, actual or suspected fraud or violation of the Company's codes of conduct. Details of the Whistle Blower Policy are available on the Company's website www.panchsheelorganics.com.

RISK MANAGEMENT POLICY

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT 9 is provided in "Annexure C" to this Report and the same is also available on the website of the Company www.panchsheelorganics.com under "Investor Relations" Section.

ACKNOWLEDGEMENTS

Your Directors sincerely express their deep appreciation to employees at all levels, bankers, customers and shareholders for their sustained support and co-operation and hope that the same will continue in future.

For and on behalf of the Board

Mahendra A. Turakhia

Managing Director

Place: Mumbai

Dated: 31st August, 2020



ANNEXURE TO DIRECTOR REPORT- CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGOING

Information pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 2014 forming part of the Directors Report for the year ended 31st March 2020.

1. CONSERVATION OF ENERGY:

Wherever possible energy conservation measures have been taken along with the additional investments for the same and proposal being implemented for reduction of consumption if energy.

Form “A”

Power Fuel Consumption: Rs. 83,94,997.61

Sr. No.	Particulars	Current Year	Previous Year
1.	Electricity		
	Total Units	662836	617753.00
	Amount (Rs. In Lacs)	58.67	53.91
	Rate per unit (Rs.)	8.35	8.73
	Consumption per unit of Production (in unit)/Kg	8.63	9.14
2.	Gas/Furnace Oil (Diesel)		
	Total units (liter)	285598	315226
	Amount (Rs. In Lacs)	25.28	38.61
	Rate per Unit (Rs.)	8.85	12.25
	Consumption per unit of production (in unit) Kg	3.72	4.66



ANNEXURE TO DIRECTOR REPORT - MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a. Introduction and Overview:

The pharmaceutical industry plays a unique role in improving the lives of patients. It is also one of the world's fastest growing industries and among the biggest contributors to the world economy. According to IQVIA, global spending on prescription medicines is forecasted to increase between 2-5% annually over the next five years, up from \$ 955 billion last year and exceed \$ 1.1 trillion overall by 2024, due to increased overall use of treatments and costlier specialty therapies.

The Euro zone and UK economies, on the other hand, were already in a weak state before the impact of the virus that caused Covid-19. Euro zone real GDP increased to just 0.1% quarter-on-quarter and 1.0% year-on-year in the fourth quarter of 2019 – its weakest performance in six years. Japan's real GDP fell 7.1% quarter on quarter, annualized, in the fourth quarter of 2019, led by sharp decline in household consumption and private fixed investment. The virus outbreak has interrupted manufacturing supply chains and sharply reduced energy and commodity demand.

b. Industry Structure and Development:

The active pharmaceutical ingredients market size is slated to grow by \$ 60.56 billion during 2020-24. Asia was the largest market for API in 2019, and the region will continue to offer maximum growth opportunities to market vendors during 2020-24. The growing partnerships between Asian API manufacturers and global vendors, along with policy revamp in the region, preferring intellectual properties, will significantly encourage the API market growth in Asia. Almost 66% of the market's growth will originate from Asia. Japan, China, and India are the key markets for active pharmaceutical ingredients in Asia. The increased healthcare expenditure by the urban population and rapid surge in the aged population are influencing the APIs market growth, which has led to an increase in the number of DMF filings for APIs.

c. SMEs in Pharma Industry:

The MSME sector is one of the major generators of employment and a significant contributor to the overall growth of the country's economy. The MSME sector contributes `20 lacs crores to Goods & Services, contributing to 40 per cent of GDP of India. Similarly, in India Pharma industry about 60 per cent of the manufacturing is contributed by MSME's within an annual turnover of approximately `60,000 crores or \$9 billion which is an integral part of predominantly formulations and to an extent API industry more so for intermediates. The industry is extremely fragmented with approximately 24,000 units in MSME's sector accounting for 70 per cent of production by volume



and 50 per cent by value on ex factory basis. Pharma Exports of \$ 20 billion and domestic is \$18 billion. SMEs contribute to almost 90 per cent to domestic formulation and about 50 per cent to exports.” (Sources: Express Pharma)

d. Indian Pharma Industry:

India is the largest provider of quality, affordable APIs globally and Indian pharmaceutical companies have played a vital role in improving access to affordable healthcare around the world. India is exporting medicines to 205 countries and vaccines to over 150 countries. India’s pharmaceutical sales rose in March, albeit at a sluggish pace, owing to panic buying of medicines for chronic ailments, such as cardiac and diabetes amid a nationwide lockdown to combat the corona virus pandemic. Sales grew 8.9% year-on year to ` 11,856 crores, according to data released by AIOCDAWACS – a pharmaceutical market research organization. This is in line with the growth a year ago and 12.1% in February 2020. In the quarter ended March, Pharma sales grew 9.7% year-on-year.

Several factors attract global pharmaceutical companies to India:

- Low cost of production due to cheap labor and raw material cost
- Big market not only for life-saving drugs, but also for lifestyle drugs
- Huge potential for conducting research and development activities in India – due to 300+ medical colleges, and over 20,000 hospitals
- Existing manufacturing capability to produce active pharmaceutical ingredients (APIs) and intermediates at lower cost while maintaining quality
- India has maximum number of USFDA approved plants outside US
- Ease of conducting clinical trials and bio availability and bioequivalence studies due to India’s ability to provide speedier and less expensive trials without compromising on quality, and a vast patient pool
- Product patent regime

With competitive pressures expected to sustain in the near to medium term, companies are exiting product development of easy-to-manufacture, simple generics with multiple players and focusing on specialty drugs, complex generics, difficult-to-manufacture products with limited competition. Pharma companies will continue to grow, both organically and inorganically through alliances and partnerships. They will continue to focus on improving operational efficiency and productivity. Developments in the health insurance, medical technology and mobile telephony can help the



growth of the Pharma industry by removing financial and physical barriers to healthcare access in India.

According to ICRA, the Indian pharmaceutical industry is likely to grow at 10–13% in 2021. This is expected on the back of healthy demand from the domestic market; given the increase in spend on healthcare along with improved access. The key sensitivities to growth and profitability will be regulatory interventions, such as price controls and compulsory generalization for the domestic market.

e. Impact of COVID-19 on the Industry:

The spread of Covid-19 has created a global healthcare crisis, and has led to an unprecedented response from people, communities and systems. Healthcare workers on the front lines are giving their all to contain, treat and reduce the impact of this pandemic.

The pharmaceutical and life science industry has risen to the challenge by rapidly mobilizing to join the fight against the virus. Their support extends beyond the development of treatments and vaccines for Covid-19. Across countries, the industry offers people, expertise, and financial support to the healthcare systems with which they partner. India has banned the export of critical APIs, essential medicines, specific medical devices, sanitizers, surgical masks, and ventilators – to ensure there is no shortfall in the domestic market. Most large pharmaceutical manufacturing companies are monitoring their supply chains and have reiterated their commitment to continued supply with minimum disruptions.

f. Segment-wise Performance:

The operation of the Company consists of single segment. Our Company deals in bulk drugs. Hence, Accounting Standard on Segment Reporting (AS-17) issued by Institute of Chartered Accountants of India does not apply.

g. Outlook:

The likely duration, intensity and spread of the corona virus has brought in a lot of uncertainty into the global and domestic economic outlook. The concerns have transformed from the initial impact of imports from China on the domestic supply chains, to the domestic and external demand shock.

The duration of the same remains uncertain with social distancing and lockdowns raising the prospects of production shutdowns and job losses in some sectors. A revival in domestic investment is likely to be hindered, given the increased risk aversion on a global scale, and renewed concerns about resilience of the financial sector.



In the near term, the negative impact of the Covid-19 outbreak on economic growth and sentiment may be modestly mitigated by higher government spending, a brighter outlook for crop yields and emergency stockpiling of essential items. Furthermore, the fall in commodity prices would provide mild cushioning to earnings in the near term, which provides some comfort.

h. Factors that may affect our Result of Operations:

Our financial conditions and results of operations are affected by numerous factors inter alia–

- Growth of unorganized sector and threat from local regional players
- Change in freight and forwarding charges
- General economic and business conditions;
- Our Company's ability to successfully implement our growth strategy
- Fluctuation in Exchange rates.
- Prices of raw materials we consume and the products we manufacture;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;

i. Panchsheel Organics SWOT Analysis:

- Strengths:

- Extensive experience in the specialty chemicals and pharmaceuticals intermediates
- Stronger sustainability and compliance framework with thrusts to continuously improving and adding on to it.
- Export sales in more than 15 countries
- Sound manufacturing capability of APIs
- Strategic location of manufacturing units with easy access to raw materials and utilities

- Weakness:

- Products are highly dependent on the availability of raw materials
- Macro factors may expose various risks impacting the growth
- Global nature of operations exposes the business to losses due to unfavorable currency movements

- Opportunities:

• Domestic Markets:

The Company has a wide range of pharmaceutical products in its portfolio. We try and tap every lawful opportunity coming our way and follow a focused approach and increased



marketing efforts. All these have resulted in increased growth of the Company in the recent years. In the coming years, we shall strive hard to build a strong reputation for ourselves and carve a niche for our products.

• **International Markets:**

The Company is continuously trying to build a large overseas business and revenue from export business accounts for a sizeable component of Company's total turnover. The Company is continuously tapping potentially new markets and exporting a wide range of products to these countries.

- **Threats:**

- Due to emergence of corona virus, API production has been hampered in China, which has impacted Company's supply chain
- Other low-cost countries such as China and Israel affecting outsourcing demand for Indian pharmaceutical products
- Entry of foreign players (well equipped technology-based products) into the Indian market.
- Drug Pricing: The domestic pharmaceutical industry is very much dependent on the government's drug pricing policy. It is important for the Government to introduce free and fair competition rather than arbitrary drug control measures to decide prices of essential drugs.
- This will ensure that Companies like us can manufacture and market all the vital life saving drugs at economical prices.
- Rising Costs and Availability of Materials
- The prices of many API's and intermediates have risen significantly due to restriction in production by various Chinese manufacturers. Other factors contributing to such price hike are rise in price of petroleum-based products, frequent shortages and general inflationary conditions.
- All these adversely affect the production schedules and overall margins of our Company's products.

j. Results of Operations:

The break-up of Revenue and Costs of Company is as given below:



PARTICULARS	Year ended March 31 2020	Year ended March 31 2019
INCOME		
Sales & income from Operation		
Domestic	48,53,66,186	47,11,16,000
Export	1,96,11,219	1,12,29,000
	50,49,77,405	48,23,45,000
<i>Less : Excise Duty</i>	0	0
<i>Add: Other Income</i>		
Other operation Income	18,81,318	27,87,000
TOTAL	50,68,58,723	48,51,32,000
EXPENDITURE		
Operating Expenditure	35,97,20,737	36,79,56,000
Administrative and other expenditure	6,86,60,790	4,60,79,000
Finance Charges	30,67,284	38,74,000
(Increase)/ Decrease in stocks	(88,30,593)	(10,02,000)
Depreciation for the Year	1,11,26,878	1,16,46,000
TOTAL	43,37,45,095	42,85,53,000
Profit Before Tax	7,31,13,628	5,65,80,000
Less: Current tax	(2,26,70,568)	(1,82,64,000)
Excess or short income tax provision	11,13,513	-
Deferred Tax	13,37,885	20,53,000
Profit after Tax	5,28,94,458	4,03,69,000

(1) Total Income:

Our revenue has Increased from Rs. 48,23,45,000 to Rs. 50,68,58,723 as compared to previous year 2018-19. Sales in export market have also increased and also domestic market.



(2) Operating Expenditure:

The operating expenditure has decreased from Rs. 36,79,56,000 to 35,97,20,737 as compared to previous financial year 2018-19.

(3) Administrative and other Expenditures:

The administrative expenses have increased from Rs. 4,60,79,000 to Rs. 6,86,60,790 as compared to previous financial year 2018-19.

(4) Depreciation:

The Depreciation cost has decreased from Rs. 1,16,46,000 to Rs. 1,11,26,878 in Financial Year 2019-2020.

(5) Net Profit:

Net profit for the financial year 2019-20 is Rs. 5,28,94,458

k. Other Factors:

(1) Known trends or uncertainties

The world economy has witnessed an unprecedented economic crisis causing severe recessionary trends in various countries but Indian pharmaceutical industry remained less affected compared to other sectors.

(2) Future relationship between costs and revenues

Our Company doesn't see substantial increase in labor cost or other cost related to the product except that raw material prices may go up in near future due to rise in commodity prices. However; any increase in raw material prices would be duly covered in the sales price of the product.

(3) Dependence on Single or few suppliers/Customers

The Customer base of our Company is very strong as we do not deal with a single customer or supplier. We have a very cordial relationship with all customers and suppliers with whom we have been dealing for a very long time.

(4) Significant developments subsequent to last financial year.



In the opinion of the Directors, there are no significant changes since the date of the last financial statements, which could materially affect the operations, and Profitability of our Company.

Transaction in which the management is interested in their personal capacity

During the year, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company.

For more details, refer note no. 35 in Notes to Financial Statements.

Cautionary Statement

Statements in this Management Discussion and Analysis describing your Company's objectives, projections, estimates and expectations, may be 'forward looking statements' are within the meaning of the applicable laws and regulations. Actual results might differ substantially or materially from those expressed and implied. Important development that could affect your Company's operations include a downtrend in the international market, fall in onsite, offshore rate and significant changes in political and economic environment, environment standards, tax laws, litigations and labor relations.



ANNEXURE 'A' TO DIRECTORS' REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs –
 - The CSR Policy encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for undertaking socially useful program for welfare and sustainable development of the community at large. The policy is available on Company's website, www.panchsheelorganics.com.
 - On recommendation of CSR Committee, the Board of Directors approved the CSR spending by providing financial assistance to a charitable Institute, which runs a hospital for treating the economically weaker people.

2. The Composition of the CSR Committee-
 - The Company's CSR Committee comprises of two Non-Independent Directors and one Independent Director. Its composition is as under:
 - - (a) Mr. Mahendra A. Turakhia (b) Mr. Kishor A. Turakhia
 - (c) Mrs. Darshana Vishal Shah

3. Average net profit of the company for last three financial years- Rs.612.00Lacs.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) – Rs12.24Lacs.
5. Details of CSR spent during the financial year:
 - (a) Total amount spent during the financial year - Rs.0.31 Lacs.
 - (b) Amount unspent, if any – 10.28 Lacs
 - (c) Manner in which the amount spent during the financial year is detailed below:



1	2	3	4	5	6	7	8
Sr. No.	CSR project or Activity identified	Sector in which the project is covered	Project or Program (1) Local area or other (2) Specify the state and district where the project or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spend on the project or programs Sub-head: (1) Direct Expenditure on projects or programs (2) overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Indore Society for mentally challenged, Indore				25,000		25,000
2	Shree Gujarat Vanvasi Kalyan Parishad, Baroda				3000		3000
3	Mook Badhir Sangathan, Indore				2500		2500

The reason of unspent:

The Company was in look to nearby area where it can spend the remaining amount and whereby the recipient were benefited more. After the time passed the Company including nation was in reeling of COIVD-19. The Company has also tried to open CSR suspense account pursuant to the amended provision of section 135 of Companies Act, 2013, but due to unavoidable circumstances that was also not possible.

The CSR Committee hereby confirms that the implementation and monitoring of CSR activities is in compliance with the CSR objectives and the CSR Policy of the Company.

For and on behalf of the Board
MR. MAHENDRA A.TURAKHIA

Sd/-
MANAGING DIRECTOR
&
CHAIRMAN OF COMMITTEE



ANNEXURE 'B' TO DIRECTORS' REPORT

Part-1: Disclosure of Ratio of Remuneration of each Director to the Median Employee's Remuneration, the Percentage increase in Remuneration of each Director, Chief Executive Officer, Company Secretary and Chief Financial Officer, etc. for the Financial Year ended 31st March, 2020.

1. Ratio of remuneration of each Director to the median remuneration of employees:
 - a. Mr. Mahendra A. Turakhia, Managing Director: 1:2618.09
 - b. Mr. Kishor A. Turakhia, Executive Director: 1:2504.27
 - c. Mrs. Paresha Rajesh Turakhia, Executive Director: 0

2. Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year ended 31st March, 2020:
 - a. Mr. Mahendra A. Turakhia, Managing Director: (8%)
 - b. Mr. Kishor A. Turakhia, Executive Director: (8.33%)
 - c. Mr. Rajesh A. Turakhia, Executive Director (up to 30.04.2019): (8.33)
 - d. Mrs. Paresha Rajesh Turakhia: (from 30.04.2019), Executive Director: 0
 - e. Mr. Rajesh A. Turakhia, Chief Financial Officer (from 30.04.2019): 0
 - f. Mr. Amit Jain, Company Secretary: (from 24.12.2019) : 466

3. Percentage increase in the median remuneration of employees in the financial year ended 31st March, 2020 in comparison to the financial year ended 31st March, 2019: 10%.

4. Number of permanent employees as on 31st March, 2020: 166

5.
 - a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year: 10%

 - b. Percentile increase in the managerial remuneration in the last financial year:
 - i. Mr. Mahendra A. Turakhia, Managing Director: 0
 - ii. Mr. Kishor A. Turakhia, Executive Director: 0
 - iii. Mr. Rajesh A. Turakhia (up to 30.04.2019), Executive Director: 0
 - iv. Mrs. Paresha Rajesh Turakhia (w.e.f. 30.04.2019): 0
 - v. Mr. Chandrakant A. Shah (up to 30.04.2019), Chief Financial Officer: 0



- vi. Mr. Rajesh A. Turakhia, Chief Financial Officer (w.e.f. 30.04.2019): 0
 - vii. Miss Alpi Jain, Company Secretary (up to 20.12.2019): 0
 - viii. Mr. Amit V. Jain, Company Secretary (w.e.f. 24.12.2019): 0
- c. Justification of the above: Remuneration is based on individual performance
- d. Any exceptional circumstances for increase in the managerial remuneration: None
6. The remuneration of all the Directors, Key Managerial Personnel and other employees are as per the remuneration policy of the Company.

Part-2: Statement of particulars of top ten employees in terms of remuneration pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

There is no employee employed during the year drawing remuneration exceeding the limits prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

For and on behalf of the Board

Sd/-

Mahendra A. Turakhia
Managing Director

Place: Mumbai

Dated: 31st August, 2020



ANNEXURE 'C' TO DIRECTORS' REPORT

ANNEXURE- A

<p style="text-align: center;">Form No. MGT-9 ANNUAL RETURN As on the financial year ended on 31/03/2020 Of PANCHSHEEL ORGANICS LIMITED <i>[Pursuant to Section 92(1) of the Companies Act, 2013</i> <i>And</i> <i>Rule 11(1) of the Companies (Management and Administration) Rules, 2014]</i></p>
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1. REGISTRATION AND OTHER DETAILS:

CIN	L24232MP1989PLC005390
Registration Date	02/08/1989
Name of the Company	PANCHSHEEL ORGANICS LIMITED
Category / Sub-Category of the Company	Indian Non-Government Company
Address of the Registered Office and contact details	B-6 & B-7 Sector-C, Industrial Area, Sanwer Road, Indore-452015, Madhya Pradesh.
Whether listed company	Listed
Name, address and contact details of Registrar and Transfer Agent, if any	Purva Share Registry (India) Pvt. Ltd Address: Unit No. 9, Shiv Shakti Ind. Estate., J.R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai-400011 Ph. No. 022- 23012517 / 8261

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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



Sr. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the Company
01	Manufacture of pharmaceuticals, medicinal chemical products	21	100%

2. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
	NA	NA	NA	NA	NA

3. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	3421336	--	3421336	68.22%	3421336	--	3421336	68.22%	-
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies	--	--	--	--	--	--	--	--	--



Corporate									
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other.	--	--	--	--	--	--	--	--	--
Sub-Total (A)(1):	3421336	--	3421336	68.22%	3421336	--	3421336	68.22%	-
(2) Foreign									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
Sub-Total (A)(2):	--	--	--	--	--	--	--	--	--
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	3421336	--	3421336	68.22%	3421336	--	3421336	68.22%	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt.(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign	--	--	--	--	--	--	--	--	--



Venture Capital Funds									
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-Total (B)(1):	--	--	--	--	--	--	--	--	--
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	16353	12772	29125	0.58	28383	12772	41155	0.82	0.24
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individual				--					
i) Individual Shareholders holding nominal share capital upto Rs. 2 Lakh	432769	230900	663669	13.23	426860	217200	644060	12.84	-0.39
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	740226	2500	742726	14.81	733540	2500	736040	14.68	-0.13
c) Other (Specify)				--					
i) Non Resident Indians	83028	0	83028	1.66	82202	0	82202	1.64	-0.02
ii) Hindu Undivided Families	74209	0	74209	1.48	88756	0	88756	1.77	0.29
iii) Clearing Members	1307	0	1307	0.03	1851	0	1851	0.04	0.01
Sub-Total (B)(2):	1347892	246172	1594064	31.78	1361592	232472	1594064	31.78	0.00
Total Public Share holding (B)= (B)(1)	1347892	246172	1594064	31.78	1361592	232472	1594064	31.78	0.00



+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	4769228	246172	5015400	100	4782928	232472	5015400	100.00	0.00

ii. Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of 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.Kishore Abhaychand Turakhia	991686	19.77%	NIL	991686	19.77%	NIL	NIL
2.Rajesh Abhaychand Turakhia	983114	19.60%	NIL	983114	19.60%	NIL	NIL
3.Mahendra Abhaychand Turakhia	985436	19.65%	NIL	985436	19.65%	NIL	NIL
4.Mahendra A Turakhia HUF	153700	03.06%	NIL	153700	03.06%	NIL	NIL
5.Rajesh A Turakhia HUF	153700	03.06%	NIL	153700	03.06%	NIL	NIL
6.Kishore A Turakhia HUF	153700	03.06%	NIL	153700	03.06%	NIL	NIL
TOTAL	3421336	68.22%		3421336	68.22%	-	



iii. Change in Promoters' Shareholding (please specify, if there is no change)

	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
SHAREHOLDING AS AT 01.04.2019	NO CHANGE DURING THE YEAR			
DATE WISE INCREASE / DECREASE in Promoters shareholding during the year specifying the reasons for increase / decrease				
SHAREHOLDING AS AT 31.03.2020				

iv. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of Shareholders	Shareholding		Date wise Increased and decreased in shareholdings during the year			Reason	Cumulative shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the company	Date	No. of Shares	% of total shares of the company		No. of Shares	% of total shares of the company
1	MANISH UMED	83908	1.67%	-	-	-	-	83908	1.67%
2	KAMLESH	83294	1.66%	-	-	-	-	83294	1.66%
3	KALPESH C. DESAI	61350	1.22%	-	-	-	-	61350	1.22%
4	RISHABH SHAH	61350	1.22%	-	-	-	-	61350	1.22%
5	TRIPATHI DIWAKAR	55181	1.10%	-	-	-	-	55181	1.10%
6	REKHA RAJESH	45700	0.91%	8.11.19	5000	0.10%	Sales	40700	0.81%
7	CHIRAG ASHOK	40800	0.81%	-	-	-	-	40800	0.81%
8	GIRISH RATILAL	40400	0.81%	-	-	-	-	40400	0.81%
9	NAYANA R PAREKH	38500	0.77%	-	-	-	-	38500	0.77%
10	RAJESH AMICHAND	36900	0.74%	18.10.19	4400	0.09%	Sales	32500	0.65%
				22.11.19	314	0.01%	Buy	32814	0.65%
				29.11.19	5	0.00%	Buy	32819	0.65%
				31.03.20	-	-	-	32819	0.65%



v. **Shareholding of Directors and Key Managerial Personnel**

Name of Director / Key Managerial Personnel	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
Mahendra Abhaychand Turakhia	985436	19.65	985436	19.65
Kishore Abhaychand Turakhia	991686	19.77	991686	19.77
Rajesh Abhaychand Turakhia	983114	19.60	983114	19.60
Diwakar Mani Tripathi	55181	00.01	55181	00.01
Darshana Vishal Shah	9600	00.00	9600	00.00

A) **INDEBTEDNESS :**

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

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i.Principal Amount	4,52,39,000	-	-	4,52,39,000
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	4,52,39,000	-	-	4,52,39,000
Change in Indebtedness during the financial year				
Addition		-	-	
Reduction	(33,77,000)	-	-	(33,77,000)
Net Change	(33,77,000)	-	-	(33,77,000)
Indebtedness at the end of the financial year				
i. Principal Amount	4,18,62,000	-	-	4,18,62,000
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	4,18,62,000	-	-	4,18,62,000



B) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Mahendra Abhaychand Turakhia (Managing Director)	Kishor Abhaychand Turakhia (Whole Time Director)	Rajesh Abhaychand Turakhia (Whole Time Director) (up to 30.04.2019)	Paresha Rajesh Turakhia (Whole time Director) (w.e.f. 30.04.2019)
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	27,60,000	26,60,000	2,21,667	-
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Dir Remuneration & Commission				-
	- as % of profit		--	--	-
	- Others, specify....				-
5	Others, please specify -Fee for attending Board/ Committee Meetings	-	-	-	-
	Total (A)	-	-	-	-
	Other Ceiling as per Act	-	-	-	-



B. Remuneration to other Directors:

Sr. No	Particulars of Remuneration	Darshana Vishal Shah	Diwakar Mani Tripathi	Shambhunath Chakravarti	Total amount
1.	Independent Director	-	-	-	-
	-Fee for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non Executive Directors	-	-	-	-
	-Fee for attending Board/Committee Meetings	-	-	35,000	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total B= 1+2	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Other Ceiling as per Act	-	-	-	-



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

Sr. No	Particulars of Remuneration	Chandrakant A. Shah (Chief Financial Officer) (up to 30.04.2019)	Rajesh Abhaychand Turakhia (Chief Financial Officer) (w.e.f. 30.04.2019)	Amit Vinay Jain (Company Secretary) (w.e.f. 24.12.2019)
1.	Gross Salary	-	-	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	24,38,333	1,05,000
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Dir Remuneration & Commission	-	-	-
	- as % of profit	-	-	--
	- Others, specify....	-	-	-
5	Others, please specify -Fee for attending Board/ Committee Meetings	-	-	-
	Total (A)	-	-	-
	Other Ceiling as per Act	-	-	-

D) PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment/ Compounding Fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY			N/A		
Penalty					
Punishment					
Compounding					
B. DIRECTORS			N/A		



Penalty					
Punishment					
Compounding					
C. OTHER OFFICER IN DEFAULT			N/A		
Penalty					
Punishment					
Compounding					

**By Order of the Board of Directors
Panchsheel Organics Limited**

**Sd/-
Mahendra A. Turakhia
Managing Director**

**Place: Mumbai
Date: 31st August, 2020**



REPORT ON CORPORATE GOVERNANCE

[As required under Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Securities and Exchange Board of India (SEBI) has stipulated Corporate Governance standards for listed companies vide Point C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company furnishes its report on the Corporate Governance as under:

1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company is being managed in a way which ensures accountability, transparency, fairness in all its transactions in widest sense and meet up its stakeholders aspirations and societal expectations.

The Company has always endeavored to implement the Corporate Governance process in the most democratic form as maximization of shareholders wealth is cornerstone of your Company. For the Company the advent of the SEBI Listing Regulations, 2015 has paved way for sharing with the stakeholders, the corporate governance practices, which are deeply rooted in the corporate culture of the Company. Your Company has been committed in adopting and adhering to global recognized standards of corporate conduct towards its employees, clients and the society at large. The management team of your Company exerts the strict adherence to corporate governance practices in order to cover the entire spectrum of governance activities and benchmark its practices with the prevailing guidelines of Corporate Governance.

2. Board of Directors:

(A) Composition and category of the Directors:

Category	Name of Director
Promoter / Executive Director	Mr. Mahendra Abhaychand Turakhia Mr. Kishore Abhaychand Turakhia Mrs. Paresha Rajesh Turakhia
Non Executive and Independent Director	Mr. Diwakar Mani Tripathi Mr. Shambhunath Chakravarti Mrs. Darshana Vishal Shah



(B) Board Meetings:

Attendance of each Director at the Board Meetings and the last Annual General Meeting:

The Company holds regular Board Meetings. The detailed agenda along with the explanatory notes is circulated to the Directors well in advance. The Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting.

The Directors held 8 (Eight) Board Meetings for the year ended 31st March, 2020. These were held on 30th April, 2019, 29th May, 2019, 10th August, 2019, 31st August, 2019, 14th November, 2019, 24th December, 2019, 21st January, 2020 and 14th February, 2020.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31st March, 2020 was as follows:

Directors	Board Meetings attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
			Directorships (excluding Private Limited Company)	Board Committee Membership/ (Chairmanship)
Mahendra A. Turakhia	8	Yes	None	None
Kishore A. Turakhia	8	Yes	None	None
Rajesh A. Turakhia (up to 30.04.2019 as Director and from 1.05.2019 as CFO)	8	Yes	None	None
Paresha Rajesh Turakhia	7	NA	None	None
Darshana Vishal Shah	8	Yes	None	None
Diwakar Mani Tripathi	8	Yes	None	None
Shambhunath Chakravarti	7	Yes	None	None

In accordance with the Articles of Association of the Company and In terms of Section 152 of the Companies Act, 2013, the term of Mr. Mahendra A. Turakhia as Managing Director of the Company is coming to expire at ensuing Annual General Meeting and subject to the consent of members by passing special resolution, appointed as Managing Director for another term of five years and Mrs. Paresha R. Turakhia the Directors of the Company, retire by rotation and being eligible, offer her-self for re-appointment.



(C) Disclosure of Relationships between the Directors inter-Se:

- i. Mr. Mahendra Turakhia, Mr. Kishor Turakhia and Mr. Rajesh Turakhia are brothers
- ii. Mrs. Paresha Turakhia is wife of Mr. Rajesh Turakhia

(D) Information provided to the Board:

The Board of the Company is presented with all information under the following heads, whenever applicable and materially significant. These are submitted either as part of the agenda well in advance of the Board Meetings or are tabled in the course of the Board Meetings. This inter-alia includes:

1. Annual operating plans of businesses, capital budgets, updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other committees.
4. Information on recruitment and remuneration of senior officers just below the Board level.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents.
7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement or new client win.
9. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions have involved substantial payments towards good-will, brand equity, or intellectual property.
11. Significant development in the human resources front.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
14. Quarterly update on the return from deployment of surplus funds.
15. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholders services as non-payment of dividend and delays in share transfer.



(E) Skills/expertise/competence of the Board:

The Board comprises of persons with varied experiences in different areas who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its committees. The following list summarizes the key skills, expertise and competence that the Board thinks is necessary for functioning in context of the Company's business and sector and which in the opinion of the Board, its Members possess:

- Industry Experience
- Sales & marketing
- Finance
- Leadership
- Understanding of Global Business
- Legal, including laws related to corporate governance.

(F) Secretarial Standards Relating To The Meetings:

The Institute of Company Secretaries of India (ICSI) has issued Secretarial Standards relating to the Meetings of the Board of Directors and Committee thereof (SS-1) and Secretarial Standards relating to the Annual General Meetings (SS-2).

The Company has ensured the compliance of the same.

3. Code of Conduct:

The Board of Directors has adopted a Code of Conduct for Board Members and Senior Management Personnel of the Company. The said Code has been communicated to all the Directors and Members of the Senior Management, who have affirmed their compliance with it, as approved and adopted by the Board. The Managing Director has given a declaration to this effect to the Board and the Board has taken the same on its record. The Code is placed on the Company's website, www.panchsheelorgancis.com.

4. Policy on Prohibition of Insider Trading:

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015.



5. Independent Director:

Separate Meeting of Independent Directors:

During the year under review, the Independent Directors met on May 29, 2019 inter-alia, to discuss and review:

- i. To review the performance of all the Non-independent Directors and the Board of Directors as a whole;
- ii. To review the performance of the Chairperson taking into account the views of Executive Directors and Non-Executive Directors;
- iii. To assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board of Directors to effectively and reasonably perform their duties.

6. Committees of the Board:

(a) Audit Committee:

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensure accurate timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

Composition:

The Audit Committee of the Board comprises three Directors namely Diwakar Mani Tripathi as a Chairman, Mr. Mahendra A Turakhia (appointed by Board in the meeting held on 30.04.2019 in place of Mr. Kishor A. Turakhia) and Darshana Vishal Shah as members. The Company Secretary acts as the Secretary to the Committee. During the year committee met 4 (Four) time on 29th May, 2019, 10th August, 2019, 14th November, 2019 and 14th February, 2020.

Terms of Reference:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.
- (b) To recommend to the Board, the appointment, re-appointment and, if required removal of Statutory auditors and fixing audit fees and to approval of payments for any other services.



- (c) To review with management the annual financial statements before submission to the Board, focusing primarily on:
- Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in the draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with the accounting standards
 - Compliance with Stock Exchanges and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large
- (d) To review and approve annual accounts of the Company and recommended to the Board for consideration or otherwise.
- (e) To review with Management; external and internal auditors, and review the efficiency of internal control systems. .
- (f) To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (g) To discuss with internal auditors about any significant findings and follow-up thereon.
- (h) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (i) To discuss with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (j) To review the Company's financial and risk management policies.
- (k) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Attendance record of the Audit Committee during the year as per the table given below:

Name of Committee Member	Position	Category	Meeting attended out of 4 held
Mr. Diwakar Mani Tripathi	Chairman	Non-executive & Independent	4
Mr. Mahendra A. Turakhia	Member	Executive	4
Mrs. Darshana Vishal Shah	Member	Non-executive & Independent	4



(b) Nomination and Remuneration Committee:

The Nomination and Remuneration of Committee ("NRC") has been Constituted in line with the provisions of section 178 of the Companies Act, 2013 read with the Regulation 19 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

Composition:

The Nomination and Remuneration Committee of the Board comprises three Directors namely Mrs. Darshana Vishal Shah as a Chairman (appointed on 30.04.2019), Mr. Diwakar Mani Tripathi and Mr. Shambhunath Chakravarti as members. During the year committee met 5 (Five) time on 30th April, 2019, 29th May, 2019, 10th August, 2019, 31st August, 2019 and 24th December, 2019.

Terms of Reference:

- Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of performance of independent directors and the Board of Directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management.
- Determining whether to extend or continue the terms of appointment of the independent directors on the basis of their performance evaluation.
- Determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

Attendance record of the Nomination and Remuneration Committee during the year as per the table given below:

Name of Committee Member	Position	Category	Meeting attended out of 5 held
Mrs. Darshana Vishal Shah	Chairman	Non-executive & Independent	5
Mr. Diwakar Mani Tripathi	Member	Non-executive & Independent	5
Mr. Shambhunath Chakravarti	Member	Non-executive & Independent	4



Nomination and Remuneration Policy:

- a) To identify persons who are qualified (i) to become directors and (ii) for appointment in Senior Management Cadre.
- b) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- c) To recommend to the Board the appointment and removal of Senior Management Employees.
- d) To carry out evaluation of Directors' performance and recommend to the Board, their appointment/removal/ suspension based on his/her performance.
- e) To recommend the Board, a policy relating to remuneration for Directors, Key Managerial Personnel and other Senior Management employees.
- f) To devise a policy on Board diversity;
- g) Ensure that there is an appropriate induction & training program in place for new Directors and members of Senior Management and review its effectiveness;
- h) Ensure that on appointment on the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- i) Determine the appropriate size, diversity and composition of the Board;
- j) Set a formal and transparent procedure for selecting new Directors on the Board;
- k) Develop a succession plan for the Board and Senior Management and regularly reviewing the plan;
- l) Delegate any of its powers to one or more of its members;
- m) Recommend necessary changes to the Board.
- n) To consider and determine the Remuneration Policy, based on the performance and also bearing mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate with regard to the remuneration of the members of the Board.
- o) To approve the remuneration of the Directors, Senior Management including key managerial personnel of the Company, maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- p) Consider any other matters as may be requested by the Board.



Remuneration to Directors:

The remuneration to the Executive Directors consists of a fixed salary and other perquisites. The Leave Travel Allowance is paid as per the Company's rules. Provident Fund and Superannuation are provided for as per the Company's policies. Wherever applicable, the perquisites are considered as part of remuneration and taxed as per Income Tax Laws. The Commission recommended by the Remuneration Committee to the Board is paid to the Managing Director in accordance with the provisions of the Companies Act, 2013.

The Non Executive Directors are not paid any remuneration except for the sitting fees for attending the Board Meetings/Committee Meetings.

The details of remuneration paid to the Non-Executive Directors by way of sitting fees during the financial year 2019-20 are given below:

Sr. No.	Name of Non-Executive Director	Sitting Fees	Other elements of Remuneration
1	Mrs. Darshana Vishal Shah	-	-
2	Mr. Diwakar Mani Tripathi	-	-
3	Mr. Sambhunath Chakravarti	30,000	-

Performance Evaluation criteria for directors including independent directors:

In accordance with the criteria suggested by the Nomination and Remuneration Committee, the performance of each director including independent director was evaluated by the entire Board of Directors (excluding the director being evaluated) on various parameters like qualification, experience, availability and attendance communication, preparedness, and participation and value addition. The Board was of the unanimous view that each independent director is a reputed professional and brought his rich experience to the deliberations of the Board.

The Board also appreciated the contribution made by all the independent directors in guiding the management in achieving higher growth and concluded that continuance of each independent director on the Board will be in the interest of the Company.

(c) Shareholders / Investor Grievance Committee:

The scope of the Shareholders Grievance Committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, issue of duplicate/consolidated share certificates, allotment and listing of shares, non-receipt of annual report, non- receipt of balance



sheet, non-receipt of dividend etc, and other related activities. In addition, the Committee also looks into matters that can facilitate better investor's services and relations.

Composition:

The Shareholders Grievance Committee of the Board comprises three Directors namely Mrs. Darshana Vishal Shah as a Chairman (appointed on 30.04.2019), Mr. Diwakar Mani Tripathi and Mr. Kishor A. Turakhia as members. During the year committee met 3 (Three) time on 29th May, 2019, 10th August, 2019 and 31st August, 2019.

Attendance record of the Shareholders Grievance Committee during the year as per the table given below:

Name of Committee Member	Position	Category	Meeting attended out of 3 held
Mrs. Darshana Vishal Shah	Chairman	Non-executive & Independent	3
Mr. Kishor A. Turakhia	Member	Executive Director	3
Mr. Diwakar Mani Tripathi	Member	Non-executive & Independent	3

The Committee looks into the shareholders' and Investors' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agent and recommends measures to improve the level of investor services.

- Number of complaints received during the year: 0
- Number of complaints resolved to the satisfaction of complainants: 0
- Number of complaints outstanding as on 31.03.2020: 0

Complaints/Grievances were received through SCORE portal of SEBI.

(d) Corporate Social Responsibility Committee:

Pursuant to provisions of Section 135 of the Companies Act, 2013, 'Corporate Social Responsibility Committee' (hereinafter referred as CSR Committee) of the Board has been constituted.

Composition:



The CSR Committee of the Board comprises three Directors namely Mr. Mahendra A. Turakhia as a Chairman (appointed on 30.04.2019), Mr. Kishor A. Turakhia and Mrs. Darshana Vishal Shah as members. During the year committee met 3 (Three) time on, 29th May, 2019, 10th August, 2019 and 31st August, 2019.

Terms of Reference:

The terms of reference of CSR committee includes the following:

- i. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- ii. Recommend the amount of expenditure to be incurred on the activities referred to in clause (i) and
- iii. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

Attendance record of the CSR Committee during the year as per the table given below:

Name of Committee Member	Position	Category	Meeting attended out of 3 held
Mr. Mahendra A. Turakhia	Chairman	Executive Director	3
Mr. Kishor A. Turakhia	Member	Executive Director	3
Mrs. Darshana Vishal Shah	Member	Non-executive & Independent	3

(e) Risk Management Committee:

The objective of Risk Management at the Company is to minimize the adverse impact of the risks on our key business objectives and to enable the company leverage market opportunities effectively.

Risk Management Committee is responsible to implement and monitor risk assessment and minimization procedure and periodically report to the Board a risk assessment report and recommend to the Board risk mitigation measures, if any, for approval.

Composition:

The Risk Management Committee of the Board comprises three Directors namely Mr. Kishor A. Turakhia as a Chairman, Mr. Mahendra A. Turakhia and Mrs. Paresha Rajesh Turakhia (appointed



on 30.04.2019) as members. During the year committee met 3 (Three) time on, 29th May, 2019, 10th August, 2019 and 31st August, 2019.

Attendance record of the Risk Management Committee during the year as per the table given below:

Name of Committee Member	Position	Category	Meeting attended out of 3 held
Mr. Kishor A. Turakhia	Chairman	Executive Director	3
Mr. Mahendra A. Turakhia	Member	Executive Director	3
Mrs. Paresha Rajesh Turakhia	Member	Executive Director	3

In the Board Meeting held on July 31, 2020 the Board has dissolved this committee.

7. General Body Meetings:

i) Location and time, where last three AGMs were held:

Financial Year	Date	Venue
2016-17	30 th September	Registered Office
2017-18	29 th September	Registered Office
2018-19	30 th September	Registered Office

ii) Whether any Special Resolutions passed in the previous 3 AGMs: Yes.

iii) Whether the Special Resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise:

During the year under the review 2 Special resolutions has been passed through exercise of Postal Ballot.

Date of Postal Ballot Notice: 4th February, 2020

Voting Period: 6th February, 2020 – 6th March, 2020

Date of passing of resolution: 6th March, 2020

Date of Declaration of Results: 7th March, 2020

Summary of voting pattern:

Resolution 1: To approve addition in main objects clause of Memorandum of Association of the Company:



- Vote casted in Favour: 100%
- Invalid Vote: 2
- Vote casted against: 0

Resolution 2: To approve amendment in Articles of Association of the Company by adoting Table F of Schedule I of the Companies Act, 2013:

- Vote casted in Favour: 100%
- Invalid Vote: 2
- Vote casted against: 0

Person who conducted the postal ballot exercise:

Mr. Suhas Ganpule, Proprietor of SG & Associates, Practicing Company Secretaries, Mumbai was appointed as the Scrutinizer for carrying Postal Ballot process in a fair and transparent manner.

- iv) Whether Special Resolutions are proposed to be conducted through postal ballot: No
- v) Procedure for postal ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of National Securities Depository Limited (“NSDL”) for the purpose of providing e-voting facility to all members. The members had an option to vote either by postal ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members/ list of beneficiaries as on cut – off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants/Company’s Registrar & Share Transfer Agents. The Company also published a notice in the newspapers declaring the details of completion of dispatch and other requirements under the Secretarial Standards issued by Institute of Company Secretaries of India, Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the Company registered in the names of the shareholders as on the cut – off date. Members desiring to vote through postal ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.



The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced by the Chairman of the Company. The results were displayed on the website of the Company (www.panchsheelorganics.com), besides being communicated to the Stock Exchanges.

8. Other Disclosures:

(a) Disclosures on materially significant related party transactions, i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of company at large:

During the year 2019-20, the Company had no materially significant related party transactions having potential conflict with the interest of the Company at large. The transactions with the related parties are disclosed in the Notes to Financial Statements in the Annual Report.

(b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital market, during the last three years:

Sr. No.	Authority	Details of violation	Details of Fine, warning letter, debarment, etc.	Paid / Unpaid/ Waiver
1	BSE Limited	Regulation 27 (2) and Regulation 17 to 21 of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 16520/- vide Notice No. IST/COMP/Reg 27(2) & Reg 17 to 21/ Sep - 19/531726/219/2019-20	Paid
2	BSE Limited	Regulation 31 of SEBI (LODR) Regulations, 2015	Fine of Rs. 56,640/- for the month September 2019	Unpaid
3	BSE Limited	Regulation 6 (1) of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 36580/- vide Notice No. LIST/COMP/531726/REG 6(1)-Marc-19/225/2019-20	Unpaid
4	BSE Limited	Regulation 27 of SEBI (LODR) Regulations, 2015	Fine of Rs. 28,320/- for the month June 2019	Unpaid
5	BSE Limited	Regulation 13 of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 8260/- vide Notice No. LIST/COMP/reg 13(3)-June-19/145/2019-20	Paid



6	BSE Limited	Regulation 29 (2) and (3) of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 11800/- vide Notice No. LIST/COMP/531726/Reg 29(2) May19/89/2019-20	Paid
7	BSE Limited	Regulation 27 of SEBI (LODR) Regulations, 2015	Fine of Rs. 59,000/- for the Month of March 2019	Unpaid
8	BSE Limited	Regulation 18(1) of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 212400/- vide Notice No. LIST/COMP/Reg 27(2) & Reg 17 to 21/ March 19/531726/37/2019-20	Waiver Applied
9	BSE Limited	Regulation 19 (1) and (2) of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 212400/- vide Notice No. LIST/COMP/Reg 27(2) & Reg 17 to 21/ March 19/531726/37/2019-20	Waiver Applied
10	BSE Limited	Regulation 33 of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 106200/- vide Notice No. LIST/COMP/531726/REG 33 Mar19/99/2019-20	Unpaid
11	BSE Limited	Regulation 27 of SEBI (LODR) Regulations, 2015	Fine of Rs. 35,400 for the Month of December 2018	Unpaid
12	BSE Limited	Regulation 13 of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 46020/- vide Notice No. LIST/COMP/531726/REG 13(3) Sep18/970/2018-19	Paid
13	BSE Limited	Regulation 33 of SEBI (LODR) Regulations, 2015	Fine of Rs. 23,600 for the Month of June 2018	Unpaid
14	BSE Limited	Regulation 27 of SEBI (LODR) Regulations, 2015	Notice levying penalty of Rs. 59000/- vide Notice No. LIST/COMP/Reg33 Mar-18/531726/406/2018-19	Unpaid

(c) Vigil Mechanism / Whistle Blower Policy:

The Company has established Vigil Mechanism and framed Whistle Blower Policy for the directors and the employees to report to the Audit Committee, any unethical behavior, improper practice and wrongful conduct taking place in the Company, for suitable action. The Policy, by design, provides access to the Chairman of the Audit Committee, in exceptional cases. Mr. Amit Jain, Company Secretary act as Vigilance Officer of the Company to receive protected disclosures from whistle blowers, maintaining records thereof, placing the same before the



Audit Committee for its disposal and informing the whistle blower the result thereof. The detailed Policy describing the objectives, scope, eligibility, procedure, etc. is also posted on the Company's website. We further affirm that no employee has been denied access to the Audit Committee during the financial year 2019-20.

- (d) Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013:
- Number of complaints filed during the Financial Year – 0
 - Number of complaints disposed of during the Financial Year – 0
 - Number of complaints pending as on end of the Financial Year- 0
- (e) The Board of Directors confirm that the Independent Directors fulfill the conditions as specified under clause b of Regulation 16(1) and are Independent to the Management.
- (f) A certificate has been obtained from M/s. GMS & Co., Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a director of companies by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or by any other Statutory Authority.
- (g) In terms of the amendments made to the Listing Regulations, the Board of Directors confirms that during the year, it has accepted all recommendations received from its mandatory committees.
- (h) There were no instances of raising of funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations.
- (i) During 2019-2020, the total fees paid for all services render by M/s Jayesh R. Shah & Co., Chartered Accountants to the Company was Rs. 3 Lacs.

9. Means of Communication:

- Half-yearly report sent to each household of shareholders: No\
- Quarterly Results: Quarterly Results are either published in "Free Press Journal" (English) and "Chautha Sansar" (Hindi) and are displayed on Company's website www.panchsheelorganics.com. The website contains a separate dedicated section 'Investor Relations', where shareholders' information is available.



3) Whether it also displays official news releases and the presentations made to institutional investors or to the Analysts: Not Applicable

4) Whether Management Discussion & Analysis is a part of the Annual Report or not: Yes.

10. General Shareholders Information:

The Company is registered in the State of Madhya Pradesh with the Registrar of Companies, Madhya Pradesh at Gwalior. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L24232MP1989PLC005390.

(a) 31th Annual General Meeting:

The forthcoming Annual General Meeting of the Company is scheduled to be held on 30th September, 2020 through Video Conferencing and Other Audio Visual Means.

(b) Financial Calendar:

Financial Year: 1st April, 2019 to 31st March, 2020

Financial Reporting (tentative) for:

Quarter	30 th June, 2019	30 th September, 2019	31 st , December, 2019
Filing Date	10 th August, 2019	14 th November, 2019	14 th February, 2020

Year ending 31-3-2020:

Audited Results by July 31, 2020.

(c) Book Closure Dates for AGM:

September 24, 2020 to September 30, 2020 (both days inclusive)

(d) Unpaid Dividend:

Pursuant to the provision of Section 124 and 125 of the Companies Act, 2013, dividend which remains unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government.

This year under review, the Company has credited Rs.1,08,841.50/- lying in unpaid/ unclaimed dividend account for the year ended 31st March, 2013 to the IEPF.



We therefore request the members who have not encashed the dividend warrant(s) for the financial years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017 and March 31, 2018 are requested to make their claims to the Company's Registrar and Share Transfer Agent Purva Sharegistry (India) Pvt. Ltd., without any delay.

The Due date for transfer of unclaimed dividend to IEPF:

Financial Year	Unclaimed Dividend	Unclaimed Dividend as % to total dividend payable	Date of Declaration of Dividend	Last date for claiming Dividend
2013-14	1,14,162	4.55	30-09-2014	06-10-2021
2014-15	1,11,772	4.46	30-09-2015	06-10-2022
2015-16	1,99,496	3.98	30-09-2016	06-10-2023
2016-17	1,95,453	3.89	29-09-2017	05-10-2024
2017-18	2,07,300	4.13	29-09-2018	05-10-2025
2018-19	1,71,656	3.42	30-09-2019	06-10-2026

The Ministry of Corporate Affairs has on May 10, 2012, notified the Investor Education and Protection Fund (uploading of information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012 ("IEPF Rules") with the objective of enabling shareholders to use the information provided by the companies on their websites and the website of IEPF, to verify the status of unclaimed dividends, if any. The Shareholders can view the aforesaid information on the website of IEPF 'www.iepf.gov.in' and under "Investor Relations" on the website of the Company, 'www.panchsheelorganics.com'. The concerned members are requested to verify the details of their unclaimed dividend, if any, from the said websites and lodge their claim with the Company at its Registered Office or with its Registrar and Transfer Agent, Purva Sharegistry (India) Pvt. Ltd., before the same is due for transfer to IEPF.

All the shares in respect of which the dividends are unpaid or unclaimed for seven consecutive years or more shall be transferred in the name of IEPF. All the Members whose dividends for last seven years are unpaid or unclaimed and whose shares are liable to be transferred to IEPF are informed and requested to claim their dividends before their shares are transferred to IEPF. Once transferred, Members can also claim their shares or dividends from IEPF Authority by filing online Form IEPF 5 on the IEPF's website, www.iepf.gov.in.

(e) Listing on the Stock Exchange and Stock Code:

Listed on Bombay Stock Exchange. Listing fee for 2020-21 of BSE has been paid and the Security Code No. is 531726, [Security ID PANCHSHEEL] under X Group. The Company has established



connectivity with NSDL and CDSL for demat and the ISIN allotted to its Equity Shares is INE316G01019.

(f) Stock Market Data :

The particulars of Market Price Data High Low during each month in Financial Year i.e. 1st April 2019 to 31st March, 2020 are given hereunder:

Month	Open Price	High Price	Low Price	Close Price
April 2019	67.00	73.50	63.70	63.80
May 2019	62.10	69.10	61.80	65.90
June 2019	68.70	68.80	53.50	59.00
July 2019	56.15	61.00	47.85	47.85
August 2019	45.55	64.95	45.55	64.55
September 2019	62.00	64.50	52.55	57.90
October 2019	55.70	59.85	52.50	59.00
November 2019	56.05	66.00	50.75	65.00
December 2019	65.00	65.00	53.60	60.00
January 2020	62.00	63.50	53.15	59.95
February 2020	61.00	62.55	48.75	48.75
March 2020	48.75	51.05	34.20	34.30

(g) Share Price Performance in comparison to broad based indices - BSE Sensex:

During the Financial Year 2019-20, the Company's share price underperformed the benchmark indice. The Company's share price decreased by 48.81% as compared to decreased of 24.20% in BSE Sensex.

(h) Registrar and Share Transfer Agent:

All correspondence relating to transfer of shares, demat requests and other communication in relation thereto be addressed to the Company's Registrar and Share Transfer Agent:

Purva Sharegistry (India) Pvt. Ltd.

Shiv Shakti Industrial Estate, Unit No. 9, 7/B

Sitaram Mill Compound, J. R. Boricha Marg

Lower Parel (East), Mumbai- 400 011.

Tel. 022- 2301 2517 / 8261; Email: support@purvashare.com



(i) Share Transfer System:

SEBI has vide proviso to Regulation 40(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandated that requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository, except in case of transmission or transposition of securities. In view of the same, the Company shall not process any requests for transfer of shares in physical mode. Shareholders who desire to demat their shares can get in touch with any Depository Participant having registration with SEBI to open a demat account and follow the procedure for share transfers

(j) Distribution of Shareholding by size as on 31st March, 2020:

Sr. No.	Category	No. of Shareholders	% of Shareholders	Amount	% Amount
1	1 - 5000	1251	80.14	2167520	4.63
2	5001 - 10000	138	8.84	16,98,880	3.39
3	10001 - 20000	80	5.12	13,27,690	2.65
4	20001 - 30000	24	1.54	5,77,520	1.15
5	30001 - 40000	14	0.90	6,42,130	1.28
6	40001 - 50000	8	0.51	7,95,090	1.59
7	50001 - 100000	16	1.02	14,45,070	2.88
8	100001 and above	30	1.92	4,13,45,390	82.44
Total		1561	100.00	50,15,4000	100.00

(k) Shareholding Pattern as at 31st March, 2020:

Sr. No.	Category of Shareholder	No. of Shareholders	Number of Shares	% of Equity
1.	Promoters	6	34,21,336	68.22%
2.	Mutual Funds/ UTI	-	-	-
3.	Bank /Financial Institution/ Insurance Company	-	-	-
4.	FII's/GDR	-	-	-
5.	Bodies Corporate	15	42183	0.84 %
6.	Indian Public	1459	1380100	27.52 %
7.	NRI's/OCBs	28	82202	1.64%
8.	Others	51	89579	1.78%
Total		1559	50,15,400	100



(l) Dematerialization mandatory for effecting share transfers

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form. The Company's shares are available for trading in the depository system, of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on March 31, 2020, the total shares dematerialized were 47,82,928 in both depositories accounting for 95.36% of the share capital of the Company.

(m) Dematerialization of Shares:

95.36% of Company's paid-up Equity Share Capital is dematerialized up to 31st March, 2020.

Sr. No.	Demat / Physical	No. shares	Percentage
1.	CDSL	40,04,777	79.85%
2.	NSDL	7,74,323	15.44%
3.	PHYSICAL	2,36,300	4.71%
TOTAL		50,15,400	100%

(n) Outstanding GDR/ADR/ Warrants or any convertible instruments, conversion dates and likely impact on equity:

None

(o) Plant Locations:

The Company's Plants are located at B6 & B7, Sector C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh.

(p) Address for Correspondence:

Registered Office:

B6 & B7, Sector C, Industrial Area,
Sanwer Road,
Indore – 452015

Corporate Office:

137,138, Hubtown Solaris, Prof. N. S. Phadke Marg,
Opp. Teli Gali, Andheri East,
Mumbai - 400069

E-mail: poltd@panchsheelorganics.in



(q) Registration of Email ID for receipt of Notices of General Meetings, Annual Report, etc. in electronic mode:

The Ministry of Corporate Affairs has taken 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Company and issued circulars allowing service of notices/documents including Annual Report by email to its members. To support this green initiative of the Government in full measure, members who have not registered their email addresses so far, are requested to register the same in respect of electronic holdings with the Depository through their Depository Participants. Members holding shares in physical form are requested to get their email addresses registered with the Company/its Registrar & Share Transfer Agent.

(r) Brief resume of the person proposed to be re-appointed as Director of the Company at the Annual General Meeting.

Name	Mahendra Abhaychand Turakhia
Age	74
Qualification	Bachelor of Science
Experience	36 years of vast experience in dealing of APIs & Intermediates and other Pharma products over the globe.
Name of the other public Companies in which also holds directorship	None.
Name of the other public Companies in the committee of which also holds membership / chairmanship	None.
No. of shares held in the Company	985236
Relationship with other Directors / Key Managerial Personnel	Bother of Kishor Turakhia and Rajesh Turakhia and Brother-in-law of Paresha Turakhia

Name	Paresha Rajesh Turakhia
Age	61
Qualification	Bachelor of Arts
Experience	None.
Name of the other public Companies in which also holds directorship	None.
Name of the other public Companies in the committee of which also holds membership / chairmanship	None.
No. of shares held in the Company	None.
Relationship with other Directors / Key Managerial Personnel	Wife of Rajesh Turakhia and Sister-in-law of Mahendra Turakhia and Kishor Turakhia



CFO CERTIFICATION

To,
The Board of Directors
Panchsheel Organics Limited

This is to certify with reference to the Annual Accounts of the Company for the year ended 31st March, 2020 that:-

- a. I have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2020 and that to the best of my knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
- d. I have indicated to the Auditors and the Audit committee:
 - i. That there is no significant changes in internal control over financial reporting during the year;
 - ii. That there are no significant changes in accounting policies during the year except implementation of Ind AS ; and
 - iii. That there is no instance of any fraud which we have become aware of.

For Panchsheel Organics Limited

Sd/-

Place: Mumbai
Date: 31st August, 2020

Rajesh A. Turakhia
(Chief Financial Officer)



MANAGING DIRECTOR CERTIFICATE

*[Pursuant to Regulation 17 (8) of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015
read with Schedule II]*

To,

The Board of Directors of

Panchsheel Organics Limited

I, Mahendra Turakhia, Managing Director of Panchsheel Organics Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as on 31st March, 2020 and Profit and Loss Account for the year ended as on that date along with all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities, particularly during the period in which this report is being prepared;



- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the Company's disclosure, controls and procedures; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company (and persons performing the equivalent functions):
- a) All deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) Significant changes, if any, in internal controls during the year covered by this report;
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) Instances of significant fraud of which I am aware, that involves management or other employees who have a significant role in the Company's internal control system;
7. I affirm that I have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
8. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For Panchsheel Organics Limited

Sd/-

Mahendra A. Turakhia

Managing Director

DIN: 00006222

Place: Mumbai

Date: 31st August, 2020



DECLARATION OF INDEPENDENCE

Date: 1st June, 2020

To,

The Board of Directors

Panchsheel Organics Limited,

B-6 & B-7, Sector C,

Industrial Area, Sanwer Road,

Indore – 452015 (MP)

I, **Diwakar Mani Tripathi**, hereby certify that I am a Non-Executive Independent Director of Panchsheel Organics Limited, Place and comply with all the criteria of independent director as envisaged in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

I certify that:

1. I am a person of integrity and possess relevant expertise and experience.
2. I was not a promoter of the company, or its holding, subsidiary or associate company.
3. I am not related to promoters or directors of the company or any of its associate companies.
4. I have or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with any of the above persons/companies during the current or two immediately preceding financial years.
5. None of my relatives -
 - is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
 - is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters,



or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

- has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

6. I, neither myself nor my relatives –

- a. holds or has held the position of key managerial personnel or as employee of the company or any of its associate companies in any of the 3 financial years immediately preceding the year of his appointment.
- b. is or has been an employee, proprietor or partner of the following during any of the 3 preceding financial years:
 - i. A firm of Auditors, Company Secretaries or Cost Auditors of the company or any of its associate companies.
 - ii. Any legal or consulting firm which has or had transaction with the company in or any of its associate companies amounting to 10% or more of the gross turnover of the firm.
- c. Holds, together with my relatives, 2% or more of the Voting power of the company.
- d. Chief Executive or director of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its associate companies or that hold 2% or more of the total voting power of the company.
- e. material supplier, service provider or customer or a lessor or lessee of the listed entity;

7. I am not less than 21 years of ages.

8. I am not a Managing/Whole Time/Nominee Director.

9. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.



Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

DIWAKAR MANI TRIPATHI

DIN: 06912629

303, Kanti Enclave, Collage Road,
Behind Sheetal Bar, Shashtrinagar,
Bassein Road, Vasai,
THANE- 401202



DECLARATION OF INDEPENDENCE

Date: 1st June, 2020

To,

The Board of Directors

Panchsheel Organics Limited,

B-6 & B-7, Sector C,

Industrial Area, Sanwer Road,

Indore – 452015 (MP)

I, **Shambhunath Chakravarti**, hereby certify that I am a Non-Executive Independent Director of Panchsheel Organics Limited, Place and comply with all the criteria of independent director as envisaged in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

I certify that:

1. I am a person of integrity and possess relevant expertise and experience.
2. I was not a promoter of the company, or its holding, subsidiary or associate company.
3. I am not related to promoters or directors of the company or any of its associate companies.
4. I have or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with any of the above persons/companies during the current or two immediately preceding financial years.
5. None of my relatives -
 - is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
 - is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters,



or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

- has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

6. I, neither myself nor my relatives –

- a. holds or has held the position of key managerial personnel or as employee of the company or any of its associate companies in any of the 3 financial years immediately preceding the year of his appointment.
- b. is or has been an employee, proprietor or partner of the following during any of the 3 preceding financial years:
 - i. A firm of Auditors, Company Secretaries or Cost Auditors of the company or any of its associate companies.
 - ii. Any legal or consulting firm which has or had transaction with the company in or any of its associate companies amounting to 10% or more of the gross turnover of the firm.
- c. Holds, together with my relatives, 2% or more of the Voting power of the company.
- d. Chief Executive or director of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its associate companies or that hold 2% or more of the total voting power of the company.
- e. material supplier, service provider or customer or a lessor or lessee of the listed entity;

7. I am not less than 21 years of ages.

8. I am not a Managing/Whole Time/Nominee Director.

9. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.



Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

SHAMBHUNATH CHAKRAVARTI

DIN: 06924557

Greenfield City, Block -82, Flat-1D, E.3/398, Jote
Shibrampur Road, Maheshtala, Kolkata - 700141



DECLARATION OF INDEPENDENCE

Date: 1st June, 2020

To,

The Board of Directors

Panchsheel Organics Limited,

B-6 & B-7, Sector C,

Industrial Area, Sanwer Road,

Indore – 452015 (MP)

I, **Shambhunath Chakravarti**, hereby certify that I am a Non-Executive Independent Director of Panchsheel Organics Limited, Place and comply with all the criteria of independent director as envisaged in SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.

I certify that:

10. I am a person of integrity and possess relevant expertise and experience.
11. I was not a promoter of the company, or its holding, subsidiary or associate company.
12. I am not related to promoters or directors of the company or any of its associate companies.
13. I have or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his total income or such amount as may be prescribed with any of the above persons/companies during the current or two immediately preceding financial years.
14. None of my relatives -
 - is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
 - is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
 - has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters,



or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

- has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);

15. I, neither myself nor my relatives –

- a. holds or has held the position of key managerial personnel or as employee of the company or any of its associate companies in any of the 3 financial years immediately preceding the year of his appointment.
- b. is or has been an employee, proprietor or partner of the following during any of the 3 preceding financial years:
 - i. A firm of Auditors, Company Secretaries or Cost Auditors of the company or any of its associate companies.
 - ii. Any legal or consulting firm which has or had transaction with the company in or any of its associate companies amounting to 10% or more of the gross turnover of the firm.
- c. Holds, together with my relatives, 2% or more of the Voting power of the company.
- d. Chief Executive or director of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its associate companies or that hold 2% or more of the total voting power of the company.
- e. material supplier, service provider or customer or a lessor or lessee of the listed entity;

16. I am not less than 21 years of ages.

17. I am not a Managing/Whole Time/Nominee Director.

18. I possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.



Declaration

I undertake that I shall seek prior approval of the Board if and when I have any such relationship / transactions, whether material or non-material. If I fail to do so I shall cease to be an independent director from the date of entering in to such relationship / transactions.

Further, I do hereby declare and confirm that the above said information's are true and correct to the best of my knowledge as on the date of this declaration of independence and I shall take responsibility for its correctness and shall be liable for fine if any imposed on the Company, its directors, if the same found wrong or incorrect in future.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,

Yours faithfully,

Sd/-

DARSHANA VISHAL SHAH

DIN: 07360922

702/6D Damodar Park,

Ghatkopar west, L.B.S. Marg,

MUMBAI- 400086



SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED 31.03.2020

I, Mr. Gaurang Shah, Proprietor of GMS & Co., Company Secretary in Practice have examined:

- (a) All the documents and records made available to us and explanation provided by *Panchsheel Organics Limited* (“the listed entity”),
- (b) The filings/ submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

For the year ended 31.03.2020 (“Review Period”) in respect of compliance with the provisions of:

- A. The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- B. The Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- **Not Applicable**;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- **Not Applicable**.
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not Applicable**;
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013- **Not Applicable**;
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



- (i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999- **Not Applicable**;
- (j) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- (k) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not Applicable**
- (l) The Securities and Exchange Board of India (Mutual Fund) Regulation 1996- **Not Applicable**.

and circulars/ guidelines issued thereunder;

Based on the above examination, I hereby report that, during the Review Period:

The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Year	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing
1.	2019-2020	Reg. 27 Corporate Governance Report	Delay in filing for the Quarter ended September, 2019	Delay in filing for the Quarter ended September, 2019 by seven days.
		Reg. 31 Shareholding Pattern	Delay in filing for the Quarter ended September, 2019	Delay in filing for the Quarter ended September, 2019 by twenty four days.
		Reg. 6 - Appointment of Compliance Officer	Non- Appointment of Company Secretary	Non-Appointment of Company Secretary/late inform regarding appointment
		Reg. 27 - Corporate Governance Report	Delay in filing for the Quarter ended June, 2019	Delay in filing for the Quarter ended September, 2019 by twelve days.
		Reg. 13 - Investor Complaints	Delay in filing for the Quarter ended June, 2019	Delay in filing for the Quarter ended September, 2019 by eight days.
		Reg 29(2) & (3)	Delay in giving Prior intimation	Delay in filing for the Quarter ended September, 2019 by one day.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.



(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (*including under the Standard Operating Procedures issued by SEBI through various circulars*) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	BSE Limited	Reg27- September 2019	Notice levying penalty of Rs. 16520/- vide Notice No. LIST/COMP/Reg 27(2) & Reg 17 to 21/ Sep -19/531726/219/2019-20	The Company has paid the respective penalty.
2.	BSE Limited	Reg 31- September 2019	Fine of Rs. 56640/-	The Company has not paid the penalty till date
3.	BSE Limited	Reg 6(1)	Notice levying penalty of Rs. 36580/- vide Notice No. LIST/COMP/531726/REG 6(1)-Marc-19/225/2019-20	The Company has not paid the penalty till date
4.	BSE Limited	Reg 27- June 2019	Fine of Rs. 28320/-	The Company has not paid the penalty till date
5.	BSE Limited	Reg 13- June 2019	Notice levying penalty of Rs. 8260/- vide Notice No. LIST/COMP/reg 13(3)- June-19/145/2019-20	The Company has paid the respective penalty.
6.	BSE Limited	Prior intimation of Board Meeting- Reg. 29(2) & (3)	Notice levying penalty of Rs. 11800/- vide Notice No. LIST/COMP/531726/Reg 29(2) May19/89/2019-20	The Company has paid the levied penalty
7.	BSE Limited	Reg 27- March 2019	Fine of Rs. 59000/-	The Company has not paid the levied penalty till date.
8.	BSE Limited	Reg 18(1)- March 2019	Notice levying penalty of Rs. 212400/- vide Notice No. LIST/COMP/Reg 27(2) & Reg 17 to 21/	The Company has filed Waiver Application to BSE Limited for the same.



			March 19/531726/37/2019-20	
9.	BSE Limited	Reg 19(1) & (2)- March 2019	Notice levying penalty of Rs. 212400/- vide Notice No. LIST/COMP/Reg 27(2) & Reg 17 to 21/ March 19/531726/37/2019-20	The Company has filed Waiver Application to BSE for the same.
10.	BSE Limited	Reg 33- March 2019	Notice levying penalty of Rs. 106200/- vide Notice No. LIST/COMP/531726/REG 33 Mar19/99/2019-20	The Company has not paid the levied penalty till date.
11.	BSE Limited	Reg 27- December 2018	Fine of Rs. 35400/-	The Company has not paid the levied penalty till date.
12.	BSE Limited	Reg 13- September 2018	Notice levying penalty of Rs. 46020/- vide Notice No. LIST/COMP/531726/REG 13(3) Sep18/970/2018-19	The Company has paid the respective penalty.
13.	BSE Limited	Reg 33- June 2018	Fine of Rs. 23600/-	The Company has not paid the levied penalty till date.
14.	BSE Limited	Reg 33- March 2018	Notice levying penalty of Rs. 59000/- vide Notice No. LIST/COMP/Reg33 Mar-18/531726/406/2018-19	The Company has not paid the levied penalty till date.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports: **Not Applicable**

For GMS & Co,
Company Secretary in practice
Sd/-
Gaurang Manubhai Shah
Proprietor
ACS No. 32581
C.P. No. 11953

Place: Mumbai
Date: 31.07.2020



SECRETARIAL AUDIT REPORT

Form No. MR-3

Secretarial Audit Report

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

Secretarial Audit Report

For the Financial Year ended 31st March, 2020

**To,
The Members,
Panchsheel Organics Limited,**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s **Panchsheel Organics Limited** (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 our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 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;
 - d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -**Not Applicable.**
- g. The Securities and Exchange Board of India (Mutual Fund) Regulation 1996.- **Not Applicable.**
- h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; - **Not Applicable.**

I have not in position to examined the compliances under the following other applicable laws due to COVID-19 pandemic ongoing in Mumbai, Maharashtra and due to lockdown in whole city and relies totally on the Company's representations made by the Management:

1. Factories Act, 1948
2. Industrial Disputes Act, 1947
3. The Payment of Wages Act, 1936
4. The Minimum Wages Act, 1948
5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. The Payment of Bonus Act, 1965
7. The Payment of Gratuity Act, 1972
8. The Water (Prevention and Control of Pollution) Act, 1974
9. The Water (Prevention and Control of Pollution) Cess Act, 1977
10. The Air (Prevention and Control of Pollution) Act, 1981.
11. The Environment (Protection) Act, 1986
12. The Pharmacy Act, 1948
13. The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. except the following;

1. The delisting application filed with Ahmadabad Stock Exchange is in process.
2. The Company has not appointed Internal Auditor as per Section 138 of the Companies Act, 2013.
3. The Company has filed compounding application for Cost Audit Compliance for the p.y. 31.03.2014 and obtains NCLT order on 27.09.2019.
4. The Company has received penalties for delay in compliances to be filed with Stock Exchange during the year. The Company has paid majority of the fines and filed waiver application for the penalties levied by BSE Limited and some compliance is in process to rectify.
5. The Company has spent Rs. 30,500 towards CSR expenditure, the Management is in search of nearby area or suitable project to spend the reaming amount.
6. The Company has not filed or delay filed some of MCA e- forms as requires to file under the companies Act, 2013.



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.

All the decisions were carried out unanimously by the members of the Board and Committees and the same were duly recorded in the minutes of the meeting of the Board of Directors and Committees of the Company.

We have not commented and pointed any area in which statutory auditor's observation and qualifications provided in audit report.

I further report that there are adequate systems and processes in the company to 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 there were no instances of:

- i. Public / Rights / Preferential issue of shares / debentures / sweat equity.
- ii. Buy-Back of securities.
- iii. Merger / amalgamation / reconstruction etc.
- iv. Foreign technical collaborations

**For GMS & CO.,
Practicing Company Secretaries**

SD/-

**Gaurang Manubhai Shah
Proprietor,
Membership No: 32581
C. P No: 11953
UDIN: A032581B000635381**

Date: 31/07/2020

Place: Mumbai



Annexure 'A'

To,
The Members,
Panchsheel Organics Limited,
Mumbai

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial record. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, norms and standards is the responsibility of management. Our examination was limited to the verification of procedure 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.
7. We have reported, in our audit report, only those non compliance, especially in respect of filing of applicable forms/documents, which, in our opinion, are material and having major bearing on financials of the Company.
8. Due to covid-19 pandemic we have not personally verified some books, papers, minute books, forms and returns filed and other records maintained by the company.

For GMS & CO.,
Practicing Company Secretaries

SD/-
Gaurang Manubhai Shah
Proprietor,
Membership No: 32581
C. P No: 11953
UDIN: A032581B000635381
Date: 31/07/2020.
Place: Mumbai



INDEPENDENT AUDITORS' REPORT

To the Members of

Panchsheel Organics Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the standalone financial statements of Panchsheel Organics Limited (“the Company”), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. There are no key audit matters to communicate. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



4. Emphasis of Matter

As per note given under note no. 20A of the accounts, the Company has not filed MSME return to MCA as required by the act, but has worked out the details of MSME outstanding and accordingly has provided interest on MSME outstanding for more than 45 days.

As per note no 42 of the accounts “Disclosure on Impact of COVID-19 pandemic on Company, we have gone through the details provided in the notes and of the opinion that considering the nature of the business and size of the company. The disclosure made by the company is proper and the impact on the business operations, revenue, and cash flow of the Company for the year has been appropriately assessed by the Company. No adjustment is required to the financial statement for F.Y 2019-20. The accounts are prepared as a going concern and we are of the opinion that the company has properly done it. The effect of pandemic on subsequent year is also disclosed properly, of course it is an estimate only, the full effect cannot be judged as the pandemic risk is still continued and full operation -has not started yet. It can be assessed only after 2nd or 3rd quarter of F.Y. 2020-21.

Our opinion is not modified in respect of this matter.

5. Management’s Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (‘the Act’) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is \$ responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company’s financial reporting process.



6. Auditor's Responsibilities for the Audit of the Financial Statements

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

7. Other Matter

The Company is require appointing Internal Auditor as per the requirement of section 138 read with Rule 13 of Companies (Accounts) Rules, 2014, but has not appointed any during the year under audit. The records of fixed assets as per requirements of clause | of Companies (Auditor's Report) Order, 2016 ("the Order"), are still under preparation.

8. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the director is disqualified from being appointed as a director in terms of section 164(2)(a) of the Companies Act, 2013 as on 31 March, 2020.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies(Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements —Refer Note 25 to the financial statements;



Panchsheel Organics Limited

Annual Report 2019-20

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For Jayesh R Shah & Co
Firm's Registration No.104182W**

Sd/-

**Jayesh R. Shah
Proprietor**

Membership No. 033864

Place: Mumbai

Date: 31st July, 2020



Annexure-A: to the Independent Auditors Report

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Panchsheel Organics Limited on the Ind AS financial statements for the year ended March 31, 2020.

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of Panchsheel Organics Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date Management's Responsibility for Internal Financial Controls.
2. The Company's management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial control, both applicable to an audit of internal financial control and both issued by ICAI. Those Standards and the Guidance Note require that comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, subject to our note no.6 Other Matter of the main report, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company - commensurate with the size of the company and nature of its business 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 Jayesh R. Shah & Co
Chartered Accountants
Firm Registration No. 104182W

Sd/-

Jayesh R. Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 31^o July, 2020



Annexure-B to the Independent Auditors Report

Referred to in paragraph (7) of the Independent Auditors Report of even date to the members of Panchsheel Organics Limited on the Ind AS financial statements for the year ended March 31, 2020

- i.
 - (a) The records of the Company for fixed assets showing full particulars including quantitative details and situations of fixed assets are still under preparation.
 - (b) According to the information and explanation, in absence of records, in our opinion it is difficult to report on whether any material discrepancies have been noticed and properly dealt with in the books of accounts. According to management representation, the management claims that they have verified the fixed assets during the year, and due to proper internal control at the factory there are no chance of discrepancies. As informed to us the management is trying their best to prepare records of fixed assets as required but has not done since last three years.
 - (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 other than self constructed properties are held in the name of the Company.
- ii. As per the information furnished, the inventories have been physically verified by the management during the year once in a year, having regard to the nature of stocks, the frequency of the physical verification is reasonable, discrepancies noticed on physical verification of inventories as compared to book records have been properly dealt with in the books of accounts.
- iii. As per the information furnished and from verification of the records, we are of the opinion that, the Company has not granted any interest free loans to Companies, firms or other parties covered in the Register, maintained under Section 189 of the Companies Act, 2013; hence para 3(a),(b),(c) of the order is not applicable.
- iv. In our opinion, and according to the information and explanations given to us and from verification of the records, the Company has not granted any loans or provided any guarantee or security to the parties covered under section 185. Further the Company has complied with the provisions of section 186 of the Companies Act, in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- vi. As per the information provided and from verification of the records, We are of the opinion that,, the Central Government has specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, and the Company has made and maintain such accounts and records. As the Company has crossed the turnover of Rs.50 crores during March, 2020, the cost audit will become applicable from the FY 2020-21
- vii.
 - (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance Fund, Income-tax,



Sales-tax, service tax, Custom Duty, Excise Duty, Cess and other material statutory dues as applicable with appropriate authorities

- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Service Tax, Custom Duty, Sales Tax, Excise Duty, PF, ESIC and any other statutory dues which have remained outstanding as at 31^o March, 2020 for a period of more than six months from the date they become payable.

According to the records of the Company and information and explanation given to us and record verified by us the outstanding dues of Sales-tax, Custom Duty, Excise Duty, Income tax, service tax, cess which have not been deposited on account of dispute with the appropriate authorities are given below:

Sr. No.	Name of the Statue	Nature of Due	Amt Due	Period to which the amt. relates	Forum where dispute is pending
1	Income Tax Act, 1961	80HHC/80IA/MAT	847684/-	FY 1998-99	The Income Tax Appellate Tribunal, Indore.
2	Income Tax Act, 1961	80HHC/80IA/MAT	603802/-	FY 1999-2000	The Income Tax Appellate Tribunal, Indore.
3	Income Tax Act, 1961	80HHC/80IA/MAT	451589/-	FY 2000-2001	The Income Tax Appellate Tribunal, Indore.
4	Income Tax Act, 1961		630140/-	FY 2016-2017	Rectification filed with CPC Bangalore
5	Central Sales Tax & VAT	Sales Tax Interest & Penalty	488138/-	FY 2005-06	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	273138/-	FY 2006-07	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	591395/-	FY 2007-08	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	688435/-	FY 2008-09	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	0	FY 2008-09	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	526244/-	FY 2009-10	The Hon'ble Registrat, MP Commercial Tax



					Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	851350/-	FY 2010-11	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	497963/-	FY 2011-12	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	2234783/-	FY 2012-13	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	1870695/-	FY 2013-14	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	1535545/-	FY 2014-15	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	92134/-	FY 2015-16	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Excise Act	Excise Duty	471369/-	FY 1999-2000	The Asst Registrar, Customs, Excise & Service Tax Appellate Tribunal, New Delhi

- viii. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of its dues to any banks or financial institutes and debenture holders.
- ix. We have verified the records of the Company, and of the opinion that the company has not raised any money by way of public offer (including debt instruments). The amount of term loan which company have received were applied for the purpose for which those are raised
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the Provisions of Section 197 read with Schedule V to the Act
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company
- xiii. As per the verification of the records, We are of the opinion that all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements as required



- under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provisions of Clause 3 (xiv) are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) are not applicable to the Company.
- xvi. I have been informed that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of Clause 3(xvi) are not applicable to the Company.

For Jayesh R. Shah & Co
Chartered Accountants
Firm Registration No. 104182W

Sd/-

Jayesh Shah
Proprietor
Membership No. 033864

Place: Mumbai

Date: 31stJuly, 2020.



BALANCE SHEET AS AT MARCH 31, 2020

(Rs. in lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	620.89	687.23
Capital work-in-progress Financial assets	4	168.15	164.14
i. Non current investments	5	0.06	0.06
ii. Loans	6	18.00	17.49
iii. Other financial assets	7	283.95	69.69
Deferred tax assets (net)	8	47.64	39.55
Other non-current assets	9	-	-
Total Non-Current Assets		1,138.69	978.16
Current assets			
Inventories Financial assets	10	1,547.28	1,451.82
i. Trade receivables	11	2,251.70	1,808.16
ii. Cash and cash equivalents	12	164.92	60.19
iii. Loans	13	8.01	13.45
Other current assets	14	73.72	103.47
Total Current Assets		4,045.63	3,437.09
Total Assets		5,184.32	4,415.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	501.54	501.54
Other equity		3,029.43	2,547.11
Total Equity		3,530.97	3,048.65
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16	4.15	6.75
ii. Trade payables Deferred tax liabilities (net)		-	-
Government grants	17	-	-
Employee benefit obligations	18	106.57	21.53
Total Non-Current Liabilities		110.72	28.28
Current liabilities			
Financial liabilities			
i. Borrowings	19	414.47	445.64
ii. Trade payables	20	926.14	644.47
iii. Other financial liabilities	21	55.33	72.41
Income tax liabilities (Net)	22	85.62	36.03
Government grants	17	-	-
Employee benefit obligations	23	49.71	131.55
Other current liabilities	24	11.36	8.22
Total Current Liabilities		1,542.63	1,338.32
Total Equity & Liabilities		5,184.32	4,415.25

The notes are an integral part of these financial statements

In terms of our report of even date

For Jayesh R Shah & Co
Chartered Accountants
Firm Registration No.:104182W
Sd/-
Jayesh Shah
Proprietor
Membership No.: 033864

For Panchsheel Organics Limited
Sd/-
Mahendra Turakhia
Managing Director
DIN:00006222

Sd/-
Kishor Turakhia
Director
DIN:00006236

Paresha R Turakhia
Sd/-
Director
DIN:08436437

Rajesh Turakhia
Sd/-
Chief Financial Officer

Place: Mumbai
Date: 31st July, 2020

Amit Jain
Sd/-
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	26	5,049.77	4,823.46
Other income	27	18.81	27.87
Total Income		5,068.58	4,851.33
Expenses			
Cost of materials consumed	28	3,114.65	3,155.40
Purchase of stock in trade		7.67	79.26
Changes in inventories of finished goods and work-in-progress	29	(88.31)	(10.02)
Excise duty		-	-
Employees benefit expenses	30	474.88	444.90
Finance costs	31	30.67	38.74
Depreciation and amortization expenses	32	111.27	116.46
Power and fuel		84.20	92.85
Other expenses	33	602.41	367.94
Total Expenses		4,337.44	4,285.53
Profit before tax		731.14	565.80
Income tax expense			
Current tax	22A	226.71	182.64
Excess or short income tax provision		(11.14)	-
Deferred tax	8B	(13.38)	(20.53)
Total tax expenses		202.19	162.11
Profit for the year		528.94	403.69
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations		19.02	10.96
Income tax relating to above	8B	(5.29)	(3.05)
Other comprehensive income for the year, net of tax		13.73	7.91
Total comprehensive income for the year		542.67	411.60
Earnings per equity share (in Rs.)	39		
(Nominal value per share Rs.10)			
Basic earning per share (In Rs.)		10.55	8.05
Diluted earning per share (In Rs.)		10.55	8.05
The notes are an integral part of these financial statements			

In terms of our report of even date

For Jayesh R Shah & Co
Chartered Accountants
Firm Registration No.:104182W
Sd/-
Jayesh Shah
Proprietor
Membership No.: 033864

For Panchsheel Organics Limited

Sd/-
Mahendra Turakhia
Managing Director
DIN:00006222

Sd/-
Kishor Turakhia
Director
DIN:00006236

Paresha R Turakhia
Sd/-
Director
DIN:08436437

Rajesh Turakhia
Sd/-
Chief Financial Officer

Place: Mumbai
Date: 31st July, 2020

Amit Jain
Sd/-
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

		(Rs. in lakhs)	
		Year ended March 31, 2020	Year ended March 31, 2019
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	731.14	565.80
	Adjustments for:		
	Depreciation and amortization	111.27	116.46
	Interest income	(13.01)	(4.15)
	Interest and finance charges	30.67	38.74
	Loss on sale of Property, Plant and Equipments	-	0.06
	Operating profit before working capital changes	860.07	716.91
	Adjustments for:		
	Increase / (Decrease) in trade payables	281.67	(273.84)
	Increase / (Decrease) in other financial liabilities	(28.14)	(31.91)
	Increase / (Decrease) in employee benefit obligation	22.22	20.88
	Increase / (Decrease) in other current liabilities	3.13	(27.55)
	(Increase) / Decrease in trade receivables	(443.52)	158.81
	(Increase) / Decrease in inventories	(95.46)	(78.34)
	(Increase) / Decrease in loans	5.44	(10.72)
	(Increase) / Decrease in other current assets	29.75	(40.79)
	(Increase) / Decrease in non current loans	-	6.01
	(Increase) / Decrease in other non-current assets	(0.51)	(0.31)
	Cash generated from operations	634.65	439.15
	Taxes paid (net of refunds)	(165.98)	(190.76)
	Net cash generated from operating activities	468.67	248.39
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of tangible/intangible assets	(48.95)	(99.88)
	Sale proceeds of property plant and equipments	-	0.47
	Interest received	13.01	4.15
	Movement in term deposit with bank (net)	(214.26)	20.78
	Net cash (used in) investing activities	(250.20)	(74.48)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Repayment of borrowings (non current)	(2.60)	(49.44)
	Repayment of borrowings (current)	(31.17)	(16.00)
	Interest paid	(30.67)	(38.74)
	Dividend paid (Incl. Dividend Distribution Tax)	(49.30)	(46.89)
	Net cash (used in) financing activities	(113.74)	(151.07)
	Net increase in cash and cash equivalents (A+B+C)	104.73	22.85
	Cash and cash equivalents at the beginning of the year	60.19	37.35
	Cash and cash equivalents at the end of the year	164.92	60.19
	Cash and cash equivalents comprise:		
	Cash on hand	1.56	7.59
	Balances with banks	163.36	52.60
	Demand deposits (less than 3 months maturity)	-	-
	Total	164.92	60.19

Note: The above cash flow statement has been prepared under "Indirect Method" specified in Ind AS 7 on "Cash Flow Statements".

In terms of our report of even date

For Jayesh R Shah & Co
Chartered Accountants
Firm Registration No.:104182W
Sd/-
Jayesh Shah
Proprietor
Membership No.: 033864

For Panchsheel Organics Limited

Sd/-
Mahendra Turakhia
Managing Director
DIN:00006222

Sd/-
Kishor Turakhia
Director
DIN:00006236

Paresha R Turakhia
Sd/-
Director
DIN:08436437

Rajesh Turakhia
Sd/-
Chief Financial Officer

Place: Mumbai
Date: 31st July, 2020

Amit Jain
Sd/-
Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A Equity Share Capital

Particulars	Note	Rs. in lakhs
As at April 1, 2018	15	501.54
Changes in equity share capital		-
As at March 31, 2019		501.54
Changes in equity share capital		-
As at March 31, 2020		501.54

B Other Equity

(Rs. In Lakhs)

Particulars	Note	Reserves and Surplus			Total Other Equity
		Securities Premium Account	General Reserves	Retained Earnings	
As at March 31, 2018		30.00	160.60	2,005.28	2,195.88
Profit for the year		-		403.69	403.69
Other comprehensive income		-		7.91	7.91
Other Adjustments					
Inter reserves movement		-	20.00	(20.00)	-
Dividends paid (Including dividend distribution tax)		-		(60.36)	(60.36)
Total comprehensive income for the year		-	20.00	331.23	351.23
As at March 31, 2019		30.00	180.60	2,336.52	2,547.11
Profit for the year				528.94	528.94
Other comprehensive income				13.73	13.73
Other Adjustments					
Inter reserves movement			20.00	(20.00)	-
Dividends paid (Including dividend distribution tax)				(60.36)	(60.36)
Total comprehensive income for the year		-	20.00	462.31	482.32
As at March 31, 2020		30.00	200.60	2,798.83	3,029.43

DirectorsoftheCompanydoesnotproposeanydividendasatMarch31,2020. (Rs. 60.36 Lakh as at March 31,2019)

In terms of our report of even date

For Jayesh R Shah & Co
Chartered Accountants
Firm Registration No.:104182W
Sd/-
Jayesh Shah
Proprietor
Membership No.: 033864

For Panchsheel Organics Limite
Sd/-
Mahendra Turakhia
Managing Director
DIN:00006222

Sd/-
Kishor Turakhia
Director
DIN:00006236

Paresha R Turakhia
Sd/-
Director
DIN:08436437

Rajesh Turakhia
Sd/-
Chief Financial Officer

Place: Mumbai
Date: 31st July, 2020

Amit Jain
Sd/-
Company Secretary



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

1. Company Overview:

Panchsheel Organics Limited (the 'Company') is a public limited Company domiciled in India with its registered office address being B6 & B7, Sector C, Industrial Estate, Sanwer Road, Indore, M. P. 452015. The company is listed on the Bombay Stock Exchange (BSE). The company's principal business is manufacturing and trading of Bulk Drug and Intermediate.

2(A) Summary of significant accounting policies

2.01 Basis of preparation

a) Compliance with Indian Accounting Standards (Ind AS)

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

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 under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

c) Current versus non-current classification

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

2.02 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chairman and Managing Director of the Company has been identified as CODM who assesses the financial performance and position of the company, and makes strategic decisions.

2.03 Foreign Currency Transactions

a) Functional and presentation currency



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

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

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

2.04 Revenue Recognition

a) Sale of Goods

Revenue is recognized at a point in time when the control of goods is transferred to customer, this is generally when the goods are delivered to the customer's location. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from goods or services. Revenue from delivery of goods is recognized at a point in time based on an overall assessment of the existence of a right to payment, the transfer of physical possession, the transfer of risks and rewards, and acceptance by the customer.

Revenue is reduced by goods and service tax. Revenue reflects actual transaction value. There are no reconciliation items.

b) Export incentives

Benefits on account of entitlement of export incentives are recognized as and when the right to receive is established.

c) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortized cost and at the effective interest rate applicable.

d) Dividend income

Dividend income is recognized when the right to receive is established.

2.05 Borrowing costs

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

2.06 Leasing - As a lessee

Ind AS 116 – Leases:

Ind AS 116 Leases replaces existing lease accounting guidance i.e. Ind AS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases, except short-term leases and leases for low-value items, under a single on-balance sheet lease accounting model. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received. Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

The lease liability is subsequently remeasured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of- use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

Transition to New Standards

Effective from April 01, 2019 ('the date of transition'), the Company applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 01, 2019. Accordingly, the comparative information is not restated – i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at April 01, 2019.

Refer note 2(A) - "Summary of significant accounting policies" 2.06 – "Leasing - As a lessee" in the Annual Report of the Company for the year ended March 31, 2019, for the policy as per Ind AS 17.

2.07 Employee benefits

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

b) Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund

i) Gratuity obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is determined at the yearend by independent actuary using the projected unit credit method.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity. Remeasurements are not reclassified to profit and loss in the subsequent periods.

ii) Defined contribution plans

Provident fund

The Company pays contributions toward provident fund to the regulatory authorities as per local regulations where the Company has no further payment obligations. The contributions are recognized as employee benefit expense when they are due.

c) Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognize a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.08 Current and deferred tax

Income tax expense or credit represents the sum of the current tax and deferred tax.

Current and deferred tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case it is recognized in 'Other comprehensive income' or directly in equity, respectively.

Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of profit and loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current 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. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.09 Property, plant and equipment

All items of property, plant and equipment (“PPE”) are stated at historical cost less accumulated depreciation less accumulated impairment losses. The cost of property, plant and equipment includes purchase price including import duties, non-refundable taxes and expenditure that is directly attributable to acquisition and installation, cost of dismantling and removing the item and restoring the site on which it is located.

Capital work in progress is carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are substantially ready for their intended use. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under “Other non-current Assets”.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized 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 the sales proceeds and the carrying amount of the asset and is recognized in statement of profit and loss.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the written down value method (WDV) to allocate their cost, net of their residual values, over their estimated useful lives as per technical evaluation. Estimated useful lives of the assets thereof are as under:

Assets class	Useful life in years
Building	30
Plant and Equipment	15
Laboratory / Testing	15
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8
Computers	3

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

2.10 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Government grants

Government grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grant related to assets is recognized as deferred income which is recognized in the statement of profit & loss on systematic basis over the useful life of the assets.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of raw materials, packing materials and fuels comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labor, other direct costs and related production overheads. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first in first out (FIFO). Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.14 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.

Financial Assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss),
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit or loss are expensed in statement of profit or loss.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in statement of profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of profit or loss and recognized in other income. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through statement of profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit or loss is recognized in statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

iii) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through statement of profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, credit risk is considered to be low.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

iv) De-recognition of financial assets

A financial asset is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

v) Trade Receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Financial Liabilities

i) Classification

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ii) Measurement

Financial liabilities are initially recognized at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortized cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit or loss.

iii) Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

iv) Borrowings



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit or loss.

v) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize 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 and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.15 Provisions and contingent liabilities

Provision

Provisions are recognized when the company has a present legal or constructive obligation 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 amount of the obligation can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the Balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets

A contingent asset is disclosed, where an inflow of economic benefits is probable.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

2.16 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share, adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.17 Rounding of amounts

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

2(B) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. The areas involving critical estimates or judgements are:

a) Estimation of Provisions & Contingent Liabilities

The Company exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. ", "If a loss arising from these litigations and/or claims is probable and can be reasonably estimated, the management record the amount of the estimated loss. ", "If a loss is reasonably possible, but not probable, the management discloses the nature of the significant contingency and, if quantifiable, the possible loss that could result from the resolution of the matter. ", "As additional information becomes available, the management reassess any potential liability related to these litigations and claims and may need to revise the estimates. ", "Such revisions or ultimate resolution of these matters could materially impact the results of operations, cash flows or financial statements of the company. (Refer Note 25)

b) Estimation of current tax expense and deferred tax

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined", " until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material adjustment to taxable profits/losses (Refer Note 22)



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Recognition of deferred tax assets/ liabilities

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient taxable profits will be available in the future against which the reversal of temporary differences will be offset. To determine the future taxable profits, the management considers the nature of the deferred tax assets, recent operating results, future market growth, forecasted earnings and future taxable income in the jurisdictions in which the company operate. (Refer Note 8)

c) Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period or even earlier in case, circumstances change such that the recorded value of an asset may not be recoverable. The estimate of useful life requires significant management judgment and requires assumptions that can include: planned use of equipments, future volume trends, revenue and expense growth rates and annual operating plans, and in addition, external factors such as changes in macroeconomic trends which are developed in connection with the Company's long-term strategic planning.

d) Employee benefit plans

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about gratuity obligations are given in note (Refer Note 30A)

3 PROPERTY, PLANT AND EQUIPMENT



(Rs. in lakhs)

Sr. No.	Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
		Opening as at April 01, 2019	Additions	Disposals	Closing as at March 31, 2020	Opening as at April 01, 2019	For the Year	Disposals	Closing as at March 31, 2020	As at March 31, 2019
	Own Assets									
1	Land Leasehold	0.54	-	-	0.54	-	-	-	-	0.54
2	Land Freehold	25.78	-	-	25.78	-	-	-	-	25.78
3	Building	173.95	13.13	-	187.08	34.86	13.25	-	48.11	138.97
4	Plant and Equipment	773.41	24.89	-	798.30	297.27	83.94	-	381.21	417.09
5	Laboratory / Testing	47.34	0.12	-	47.46	24.70	5.89	-	30.59	16.87
6	Furniture and Fixtures	15.82	0.26	-	16.08	8.45	1.95	-	10.41	5.67
7	Office Equipments	2.51	0.39	-	2.90	1.63	0.55	-	2.17	0.73
8	Vehicles	31.62	5.19	-	36.81	17.53	4.84	-	22.36	14.45
9	Computers	3.58	0.95	-	4.53	2.89	0.85	-	3.74	0.79
	TOTAL	1,074.55	44.93	-	1,119.49	387.33	111.27	-	498.60	620.89

Sr. No.	Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
		Opening as at April 01, 2018	Additions	Disposals	Closing as at March 31, 2019	Opening as at April 01, 2018	For the Year	Disposals	Closing as at March 31, 2019	As at March 31, 2019
	Own Assets									
1	Land Leasehold	0.54	-	-	0.54	-	-	-	-	0.54
2	Land Freehold	25.78	-	-	25.78	-	-	-	-	25.78
3	Building	163.69	10.26	-	173.95	21.31	13.54	-	34.86	139.10
4	Plant and Equipment	692.29	81.87	0.76	773.41	212.67	84.83	0.22	297.27	476.14
5	Laboratory / Testing	42.32	5.02	-	47.34	17.05	7.65	-	24.70	22.64
6	Furniture and Fixtures	14.78	1.04	-	15.82	5.98	2.48	-	8.45	7.36
7	Office Equipments	1.61	0.90	-	2.51	1.07	0.56	-	1.63	0.88
8	Vehicles	31.62	-	-	31.62	11.13	6.40	-	17.53	14.10
9	Computers	3.00	0.58	-	3.58	1.89	1.00	-	2.89	0.69
	TOTAL	975.63	99.68	0.76	1,074.55	271.09	116.46	0.22	387.33	687.23



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

4 CAPITAL WORKING PROGRESS

Particulars	Factory Building	Plant & Machinery	Total
Carring amount as on April 1, 2018	67.04	96.90	163.94
Addition	-	0.20	0.20
Carring amount as on March 31, 2019	67.04	97.10	164.14
Additions	0.19	3.82	4.01
Carring amount as on March 31, 2020	67.22	100.92	168.15

(Rs. in lakhs)			
5	INVESTMENTS (NON-CURRENT)	As at March 31, 2020	As at March 31, 2019
	Investments in equity Instruments (fully paid up)		
	<u>Unquoted</u> 10 Shares in Gujarat Mercantile Credit Co Op Soc Ltd of Rs. 100 each	0.01	0.01
	Investment in debt instruments		
	<u>Unquoted</u> Indira Vikas Patra	0.05	0.05
	TOTAL	0.06	0.06

Note:

Aggregate amount of unquoted investments	0.06	0.06
Aggregate amount of impairment in the value of the investments	-	-

(Rs. in lakhs)			
6	LOANS (NON-CURRENT)	As at March 31, 2020	As at March 31, 2019
	(Unsecured, considered good)		
	Security deposits	18.00	17.49
	Other Advances	-	-
	TOTAL	18.00	17.49

(Rs. in lakhs)			
7	OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2020	As at March 31, 2019
	Deposit with bank with maturity period of more than 12 months		
	- In fixed deposit accounts	0.25	-
	- In margin money deposit accounts	283.70	69.69
	TOTAL	283.95	69.69



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

8	DEFERRED TAX ASSETS (NET)	As at March 31, 2020	As at March 31, 2019
	Deferred tax assets (Net)	47.64	39.55
	TOTAL	47.64	39.55
	The balance comprises temporary differences attributable to:		
	Deferred Tax Liability		
	Depreciation	1.62	9.19
	Borrowing Cost	0.01	0.05
	Less : Deferred Tax Assets		
	Provision for gratuity	43.48	42.59
	Provision for bonus	5.79	6.21
	Net Deferred Tax Asset (Refer note below)	47.64	39.55

Note: Deferred tax assets and deferred tax liability have been offset as they relate to same governing taxation laws.

8A	MOVEMENT IN DEFERRED TAX ASSETS/LIABILITIES	As at April 01, 2018	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	(Charged)/ Credited to Equity	As at March 31, 2019
	Deferred Tax Liability					
	Depreciation	22.36	(13.17)	-	-	9.19
	Borrowing Cost	0.13	(0.08)	-	-	0.05
	Total Deferred Tax Liability	22.49	(13.25)	-	-	9.24
	Less : Deferred Tax Assets					
	Provision for gratuity	39.44	6.19	(3.05)	-	42.59
	Provision for bonus	5.11	1.09	-	-	6.21
	Total Deferred Tax Assets	44.56	7.28	(3.05)	-	48.79
	Net Deferred Tax Assets	22.07	20.53	(3.05)	-	39.55



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

8B	MOVEMENT IN DEFERRED TAX ASSETS/LIABILITIES	As at March 31, 2019	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	(Charged)/ Credited to Equity	As at March 31, 2020
	Deferred Tax Liability					
	Depreciation	9.19	(7.57)	-	-	1.62
	Borrowing Cost	0.05	(0.04)	-	-	0.01
	Total Deferred Tax Liability	9.24	(7.61)	-	-	1.63
	Less : Deferred Tax Assets					
	Provision for gratuity	42.59	6.18	(5.29)	-	43.48
	Provision for bonus	6.21	(0.41)	-	-	5.79
	Total Deferred Tax Assets	48.79	5.77	(5.29)	-	49.27
	Net Deferred Tax Assets	39.55	13.38	(5.29)	-	47.64

(Rs. in lakhs)

9	OTHER NON CURRENT ASSETS	As at March 31, 2020	As at March 31, 2019
	Capital Advances	-	-
	Deposits with government authorities towards matters in litigation	-	-
	Other Advances	-	-
	TOTAL	-	-

(Rs. in lakhs)

10	INVENTORIES	As at March 31, 2020	As at March 31, 2019
	Raw materials	906.41	899.26
	Work in progress	48.34	91.14
	Finished Goods	490.02	419.64
	Traded Stock	102.51	41.78
	TOTAL	1,547.28	1,451.82

(Rs. in lakhs)

11	TRADE RECEIVABLES	As at March 31, 2020	As at March 31, 2019
	Unsecured - considered good		
	Trade receivables	2,251.70	1,792.45
	Receivables from related parties	-	15.71
	SUB- TOTAL	2,251.70	1,808.16
	Less: Allowance for doubtful debts	-	-
	TOTAL	2,251.70	1,808.16



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

12	CASH AND CASH EQUIVALENTS	As at March 31, 2020	As at March 31, 2019
	Cash and Cash equivalents:		
	Cash on hand	1.56	7.59
	Bank Balances :		
	- In Current accounts (Refer note below)	163.36	52.60
	- In Margin Money deposit maturing within 3 month	-	-
	TOTAL	164.92	60.19

Note:

It includes restricted cash amounting to Rs.11.06 Lakhs (March 31, 2019 : Rs. 13.48 Lakhs) towards unclaimed dividend

(Rs. in lakhs)

13	LOANS (CURRENT)	As at March 31, 2020	As at March 31, 2019
	(Unsecured, considered good)		
	Loan to employees	8.01	13.45
	TOTAL	8.01	13.45

(Rs. in lakhs)

14	OTHER CURRENT ASSETS	As at March 31, 2020	As at March 31, 2019
	(Unsecured, considered good unless otherwise stated)		
	Deposits with government authorities towards matters in litigation	64.85	99.24
	Pre-paid expense	8.87	4.23
	TOTAL	73.72	103.47

(Rs. in lakhs)

15	SHARE CAPITAL	As at March 31, 2020	As at March 31, 2019
	Authorised		
	6,000,000 (March 31, 2019 : 6,000,000) equity shares of Rs. 10/- each	600.00	600.00
		600.00	600.00
	Issued		
	5,015,400 (March 31, 2019 : 5,015,400) equity shares of Rs. 10/- each	501.54	501.54
	Subscribed and paid-up		
	5,015,400 (March 31, 2019 : 5,015,400) equity shares of Rs. 10/- each	501.54	501.54
	TOTAL	501.54	501.54



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

a) Reconciliation of the number of shares: Equity Shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	50.15	501.54	50.15	501.54
Balance at the end of the year	50.15	501.54	50.15	501.54

b) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Details of shareholder holding more than of 5% of the aggregate shares in the company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mahendra A Turakhia	9.85	19.65%	9.85	19.65%
Kishore A Turakhia	9.92	19.77%	9.92	19.77%
Rajesh A Turakhia	9.83	19.60%	9.83	19.60%
TOTAL	29.60	59.02%	29.60	59.02%

d) There are no shares allotted either as fully paid up by way of bonus shares or under any contract without payment received in cash during 5 years immediately preceding March 31, 2020.

(Rs. in lakhs)

16	BORROWINGS - NON-CURRENT	As at March 31, 2020	As at March 31, 2019
	Secured:		
	Term Loan:		
	From Madhya Pradesh Financial Corporation (Refer note below)	0.01	3.93
	Less: Current maturities of long term debt	0.01	3.93
	(Repayable in 20 quarterly equal installment of Rs. 4.5 Lakh each starting from Oct 2014. Rate of interest is 15.25% p.a.)	-	-
	From Madhya Pradesh Financial Corporation (Refer note below)	10.59	34.13



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Less: Current maturities of long term debt (Repayable in 20 quarterly equal installment of Rs. 7.5 Lakh each starting from Oct 2015. Rate of interest is 15.25% p.a.)	10.59	30.00
Vehicle Loan:		
From Banks	6.78	5.31
Less: Current maturities of long term debt (Repayable in 36 monthly equal installments)	2.63	2.69
	4.15	2.62
TOTAL	4.15	6.75

Details of securities

1. First charge over the Fixed Assets by way of equitable mortgage of Land & Building and hypothecation of Plant & Machinery (existing & future) of the company.
2. Land (leasehold) admeasuring 3251.58 sq. mtrs. Situated at Plot no. B-6 & B-7, Sector -C, Industrial Area, Sanwer Road, Distt. Indore.
3. Charge on additional securities worth Rs.118.61 Lakhs in the form of shares already pledged with the Corporation.
4. Personal Guarantee of 3 Directors of the Company.

There is no default in repayment of Loan Installment and interest thereon.

(Rs. in lakhs)

17	GOVERNMENT GRANTS	As at March 31, 2020	As at March 31, 2019
	Opening Balance	-	-
	Grants during the year	-	-
	Less: Released to profit and loss account	-	-
	Closing Balance	-	-

17A		As at March 31, 2020	As at March 31, 2019
	Current portion	-	-
	Non-current portion	-	-

(Rs. in lakhs)

18	EMPLOYEE BENEFIT OBLIGATIONS - NON-CURRENT	As at March 31, 2020	As at March 31, 2019
	Provision for employee benefits (Refer note no. 30A):		
	Provision for gratuity	106.57	21.53
	TOTAL	106.57	21.53



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

19	BORROWINGS - CURRENT	As at March 31, 2020	As at March 31, 2019
	Secured:		
	Working Capital loan from Bank (Refer note below)	414.47	445.64
	TOTAL	414.47	445.64

Details of securities

1. Exclusive charge on current assets and movable fixed assets.
2. Exclusive charge on commercial property located at office no. 1 (1A and 1B), ground floor, Kapadia Chambers, Mumbai 400020
3. Personal Guarantee of 3 Directors of the Company

(Rs. in lakhs)

20	TRADE PAYABLES	As at March 31, 2020	As at March 31, 2019
	a) total outstanding dues of micro enterprises and small enterprises	22.31	-
	b) total outstanding dues of creditors other than micro enterprises and small enterprises and dues to related parties	895.79	636.42
	c) total outstanding dues to related parties	8.05	8.05
	TOTAL	926.14	644.47

20A	DUES TO MICRO AND SMALL ENTERPRISES	Year ended March 31, 2020	Year ended March 31, 2019
	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	13.94	-
	Principal amount over due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8.34	-
	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.03	-
	Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
	Interest paid under section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
	Interest due and payable towards suppliers registered under MSMED Act, for payment already made.	-	-
	Further interest remaining due and payable for earlier years	-	-
	TOTAL	22.31	-

During the year no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has relied upon by the auditors.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

21	OTHER CURRENT FINANCIAL LIABILITIES	As at March 31, 2020	As at March 31, 2019
	Current maturities of long term debt	13.24	36.62
	Salaries payable	-	-
	Provision for Bonus		22.31
	Dividend distribution tax	20.82	-
	Unclaimed dividend	10.21	
		11.06	13.48
	TOTAL	55.33	72.41

(Rs. in lakhs)

22	INCOME TAX LIABILITIES (CURRENT)	As at March 31, 2020	As at March 31, 2019
	Provision for Income tax (Net of advance tax and Tax deducted at Source of Rs. 141.09 Lakhs, March 31, 2019: 146.61 lakhs)	85.62	36.03
	TOTAL	85.62	36.03
	Movement in provision for income tax		
	Opening balance	36.03	44.15
	Less: Current tax payable for the year	215.57	182.64
	Add: Taxes Paid / (Refunded)	(165.98)	(190.76)
	Closing balance	85.62	36.03

22A	TAX EXPENSE	As at March 31, 2020	Year ended March 31, 2019
	Current Tax :		
	Current Tax on Profits for the Year	226.71	182.64
	Total Current Tax Expense	226.71	182.64
	Deferred Tax :		
	Decrease/(Increase) in Deferred Tax Assets	(5.77)	(7.28)
	(Decrease)/increase in Deferred Tax Liabilities	(7.61)	(13.25)
	Total Deferred Tax Expense/(Benefit)	(13.38)	(20.53)
	Income Tax Expense	213.33	162.11
	Reconciliation of tax expense and accounting profit multiplied by statutory tax rate		
	Profit for the year	731.14	565.80
	Rate of tax	27.82%	27.82%
	Tax Expense at Applicable Tax Rate	203.40	157.41
	Tax Rate Difference	-	1.38
	CSR Expenses	0.04	1.43



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

	Interest on delayed payment of TDS and advance tax	8.73	0.96
	Others	1.16	0.93
	Income Tax Expense	213.33	162.11

(Rs. in lakhs)

23	EMPLOYEE BENEFIT OBLIGATIONS - CURRENT	As at March 31, 2020	As at March 31, 2019
	Provision for employee benefits		
	Provision for gratuity	49.71	131.55
	TOTAL	49.71	131.55

(Rs. in lakhs)

24	OTHER CURRENT LIABILITIES	As at March 31, 2020	As at March 31, 2019
	Advances from customers	-	-
	Statutory dues (including provident fund and tax deducted at source)	11.36	8.22
	Others	-	-
	TOTAL	11.36	8.22

(Rs. in lakhs)

25	CONTINGENT LIABILITIES	As at March 31, 2020	As at March 31, 2019
	Claim against the Company not acknowledged as debts		
	a) Demand contested by the Company		
	- Sales tax	109.31	95.72
	- Excise duty	4.71	4.71
	- Income tax (Incl. TDS)	20.33	17.21
	b) Letter of Credit		
	- Domestic letter of credit	-	-
	- Buyers credit	6.73	39.29
	- Documents at site	-	-

(Rs. in lakhs)

26	REVENUE FROM OPERATIONS	Year ended March 31, 2020	Year ended March 31, 2019
	Sale of Product (Including excise duty)		
	Finished Goods		
	- Bulk Drug & Intermediate	4,911.36	4,214.55
	Stock in trade		
	- Bulk Drug & Intermediate	6.94	63.16
	- Formulations	120.20	544.82
	Total sale of products	5,038.50	4,822.53
	Other operating revenue		
	- D.E.P.B. Licence	8.77	-
	- Others	2.50	0.93
	Total other operating income	11.27	0.93
	TOTAL	5,049.77	4,823.46



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

27	OTHER INCOME	Year ended March 31, 2020	Year ended March 31, 2019
	Interest Income from financial assets at amortized cost	13.01	4.15
	Wind Mill	-	7.76
	Other Income	-	15.96
	Commission Received	5.80	-
	TOTAL	18.81	27.87

(Rs. in lakhs)

28	COST OF MATERIAL CONSUMED	Year ended March 31, 2020	Year ended March 31, 2019
	Raw material consumed		
	Opening inventory	899.26	830.95
	Add: Purchases	3,107.50	3,210.49
	Less: Closing inventory	906.41	899.26
	Cost of raw material consumed during the year	3,100.35	3,142.19
	Packing material consumed		
	Opening inventory	-	-
	Add: Purchases	14.30	13.21
	Less: Closing inventory	-	-
	Cost of packing material consumed during the year	14.30	13.21
	TOTAL	3,114.65	3,155.40

(Rs. in lakhs)

29	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Year ended March 31, 2020	Year ended March 31, 2019
	(Increase) / Decrease in stocks		
	Stock at the end of the year		
	Finished goods	490.02	419.64
	Work in progress	48.34	91.14
	Stock in trade	102.51	41.78
	TOTAL A	640.87	552.56
	Less: Stock at the beginning of the year		
	Finished goods	419.64	405.00
	Work in progress	91.14	132.52
	Stock in trade	41.78	5.02
	TOTAL B	552.56	542.54
	(Increase) / Decrease in stocks (B-A)	(88.31)	(10.02)

(Rs. in lakhs)

30	EMPLOYEE BENEFITS EXPENSES	Year ended March 31, 2020	Year ended March 31, 2019
	Salaries, wages and bonus	417.87	392.20
	Contribution to provident and other funds:		
	Provident fund [Refer note no. 30A(i)]	13.60	12.80
	Gratuity [Refer note no. 30A(ii)]	24.39	21.70
	ESIC	6.61	5.70
	Staff welfare expenses	12.41	12.50
	TOTAL	474.88	444.90



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

30A EMPLOYEE BENEFIT OBLIGATIONS:

i) Defined-contribution plans

The Company makes contribution to provident fund under the provision of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and to superannuation fund for the qualifying employees as per the Company's policy.

(Rs. in lakhs)

Amount recognized in Statement of Profit and Loss	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	13.60	12.80

ii) Defined-Benefits Plans

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, as per the company's policy. Vesting occurs on completion of 5 continuous years of service as per Indian law. However, no vesting condition applies in case of death. The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company. The gratuity plan is an unfunded plan

Profit & Loss account expenses:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	12.68	11.00
Past service Cost	-	-
Interest on defined benefit obligation/(asset) (net)	11.71	10.71
Total expenses charged	24.39	21.71

Amount recorded in other comprehensive income:

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance recorded in OCI	-	-
Remeasurement during the period due to:		
(Gain)/loss from change in financial assumptions	9.06	-
(Gain)/loss from change in demographic assumptions	(0.08)	(0.52)
Experience (gains)/losses	(28.00)	(10.44)
Actuarial (gains)/losses on plan assets	-	-
Total amount recognized in OCI	(19.02)	(10.96)

Present value of defined benefit obligation:

Particulars	Gratuity (Funded Plan)	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	153.08	143.15
Current service cost	12.68	11.00
Past service cost	-	-
Interest on defined benefit obligation	11.71	10.71
Remeasurement due to:		
(Gain)/loss from change in financial assumptions	9.06	-
(Gain)/loss from change in demographic assumptions	(0.08)	(0.52)
Experience (gains)/losses	(28.00)	(10.44)
Benefit paid	(2.18)	(0.82)
Balance at the close of the year	156.27	153.08



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Fair value of plan assets:

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	-	-
Contributions by employer	-	-
Interest income	-	-
Benefits paid	-	-
Actuarial gains/(losses) on plan assets	-	-
Balance at the close of the year	-	-

Assets and Liabilities recognized in the Balance Sheet:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations	156.28	153.08
Fair value of plan assets	-	-
Deficit of funded plan	156.28	153.08
Non-current (Note 18)	106.57	21.53
Current	49.71	131.55

Major Category of Plan Assets as a % of total Plan Assets:

Particulars	As at March 31, 2020	As at March 31, 2019
Government of India securities	0.00%	0.00%
Corporate bonds	0.00%	0.00%
Insurance managed fund	0.00%	0.00%
Others	0.00%	0.00%
	0.00%	0.00%

Actuarial Assumptions:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.80%	7.65%
Salary Growth rate	5.00%	5.00%

The discount rates reflects the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions by 0.5% is:

a) Impact of the change in discount rate

Present Value of Obligation at the end of the period	156.28
a) Impact due to increase of 0.50%	(5.52)
b) Impact due to decrease of 0.50 %	5.93

b) Impact of the change in salary increase

Present Value of Obligation at the end of the period	156.28
a) Impact due to increase of 0.50%	6.00
b) Impact due to decrease of 0.50 %	(5.63)



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which has been used for calculating the defined benefit liability recognized in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Expected Contribution to the Fund in the next year:

Particulars	As at March 31, 2020	As at March 31, 2019
Gratuity	45.33	76.54

iv) **Risk Exposure**

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The risks commonly affecting the defined benefit plan are expected to be:

Demographic Risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Salary Inflation Risk : Higher than expected increases in salary will increase the defined benefit obligation

Interest-Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

v) **Defined Benefit Liability and Employer Contributions**

The company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The expected maturity analysis of undiscounted gratuity is as follows:

Maturity Analysis of the Projected Benefit Obligations - Gratuity (Undiscounted)

Particulars	As at March 31, 2020	As at March 31, 2019
1st Following Year	49.71	131.55
2nd Following Year	2.22	1.43
3rd Following Year	2.29	0.82
4th Following Year	2.36	0.72
5th following year	2.75	0.77
Sum of 6th to 10th Following Year	96.95	10.83



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

31	FINANCE COSTS	Year ended March 31, 2020	Year ended March 31, 2019
	Interest on short term borrowings	10.80	11.28
	Interest on long term borrowings	4.19	10.88
	Other finance cost	15.68	16.58
	TOTAL	30.67	38.74

(Rs. in lakhs)

32	DEPRECIATION AND AMORTISATION EXPENSES	Year ended March 31, 2020	Year ended March 31, 2019
	Depreciation on property, plant and equipment	111.27	116.46
	Transfer from deferred income - government grant	-	-
	TOTAL	111.27	116.46

(Rs. in lakhs)

33	OTHER EXPENSES	Year ended March 31, 2020	Year ended March 31, 2019
	Consumables	14.22	9.73
	Security Service	5.92	5.33
	Loss on sales of Assets	-	0.06
	Quality control expenses	6.37	6.69
	Other operating expenses	34.90	38.36
	Commission & Brokerage	23.83	21.02
	Advertisement and publicity expenses	4.66	2.14
	Outward Cartage, Hamali & Crain Charges	11.90	10.63
	Freight, handling and other charges	29.87	36.94
	Processing Charges	251.22	49.13
	Legal and professional fees	0.81	1.73
	Consolidation charges	1.88	0.77
	Conveyance	6.75	5.60
	Courier Charges	8.62	7.54
	Sundry Balance W/off and Bad Debts	38.24	17.90
	Export Clearing Charges	4.76	4.37
	Exhibition Expenses	16.17	7.22
	Fees & Subscription	7.47	5.34
	Freight Outward	14.66	9.99
	Miscellaneous Expenses	15.04	16.94
	Printing & Stationary	2.61	4.65
	Rent	19.35	8.11
	Telephone Expenses & Charges	1.99	1.43
	Travelling Expenses	19.27	25.39
	Warehousing Charges	0.21	0.31
	Other Administrative Expenses	39.09	31.28
	Duties and taxes	3.06	16.07
	Directors fees	0.30	0.25
	Legal And Professional Charges	6.22	9.39
	Corporate social responsibility	0.31	10.28
	Net loss on foreign currency transactions and translations	9.96	0.96
	Payment to auditors		
	As auditor:		
	Audit fees (Including limited review)	2.35	2.10
	Tax audit fees	0.40	0.30
	TOTAL	602.41	367.94



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

34 SEGMENT INFORMATION

The Company's chief operating decision maker (CODM) has identified one business segment viz. Manufacturing and Trading of Bulk Drug and Intermediate. There is no other reportable segment.

GEOGRAPHIC INFORMATION

(Rs. in lakhs)

PARTICULARS	Year ended March 31, 2020		Year ended March 31, 2019	
	Country of domicile (India)	Foreign countries	Country of domicile (India)	Foreign countries
Revenue from External Customers	4,881.38	168.40	4,711.16	112.29

The Company does not hold any non-current assets in foreign countries.

There are no individual customers or a particular group contributing to more than 10% of revenue.

35 RELATED PARTY DISCLOSURES:

35a Names of the related parties and nature of relationship:

i) Enterprises over which KMP exercise significant influence

- Turakhia Brothers
- Invochem Laboratories
- Synodrug & Intermediates
- Suneeta Chemicals
- Gene Biotech Private Limited
- Paramount Organics

ii) Key Management Personnel

- Mahendra A Turakhia
- Kishore A Turakhia
- Rajesh A Turakhia
- Paresha R Turakhia

iii) Relatives of Key Management Personnel

- Arti K Turakhia
- Devang R Turakhia
- Amisha M Turakhia
- Pallavi M Turakhia
- Harsh K Turakhia

35b Compensation of key managerial personnel

Related Parties	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits to CEO and Whole Time Director	80.40	81.00
Directors' sitting fees to independent directors	0.30	0.25
Total	80.70	81.25



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Key Managerial Personnel

Gratuity is computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

35c Details of Transactions with related Parties:

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of Assets - Plant and Equipment		
Gene Biotech Private Limited	0.70	-
Sales		
Turakhia Brothers	2.21	-
Synodrug & Intermediates	0.33	2.71
Suneeta Chemicals	-	0.56
Paramount Organics	0.03	2.24
Purchases		
Turakhia Brothers	0.29	1.88
Synodrugs & Intermediates	17.40	24.58
Suneeta Chemicals	3.44	9.04
Paramount Organics	-	12.13
Rent		
Turakhia Brothers	14.64	2.64
Arti K Turakhia	2.64	2.64
Testing Charges		
Invochem Laboratories	6.35	6.34
Processing Charges		
Synodrugs & Intermediates	19.42	27.00
Suneeta Chemicals	228.14	20.50
Salary		
Arti K Turakhia	-	12.00
Devang R Turakhia	18.00	12.00
Harsh Turakhia	18.00	-
Pallavi Turakhia	9.00	6.00
Amisha M Turakhia	9.00	6.00



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

35d Details of outstanding balances with related Parties:

(Rs. in lakhs)

Related Parties	As at March 31, 2020	As at March 31, 2019
Trade Receivables		
- Invochem Laboratories	-	-
- Paramount Organics	-	12.85
- Turakhia Brothers	-	2.74
- Suneeta Chemicals	-	-
- Gene Biotech Private Limited	-	0.12
TOTAL	-	15.71
Trade Payables		
- Suneeta Chemicals	-	1.66
- Panchsheel Organics	8.05	-
- Synodrug & Intermediates	-	8.05
TOTAL	8.05	9.70

Terms and conditions:

All the transactions with the related parties during the year are based on the arms length price and terms that would be available to/from third parties

All outstanding balances are unsecured and repayable in cash.

36 FAIR VALUE MEASUREMENTS

(i) Financial instruments by category

There are no financial assets/liabilities that are measured at fair value through other comprehensive income. Category wise break up of financial assets/liabilities measured at amortized cost and fair value through statement of profit and loss account are given below:

(Rs. in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortized Cost	FVPL	Amortized Cost	FVPL
Financial Assets				
Investments	0.05	0.01	0.05	0.01
Security deposits (Level 3)	18.00	-	17.49	-
Other Advances	-	-	-	-
Deposit with bank	283.95	-	69.69	-
Trade receivables	2,251.70	-	1,808.16	-
Cash and cash equivalents	164.92	-	60.19	-
Loans to employee	8.01	-	13.45	-
Total Financial Assets	2,726.64	0.01	1,969.03	0.01
Financial Liabilities				
Borrowings	418.62	-	452.39	-
Trade payables	926.14	-	644.47	-
Other current financial liabilities	55.33	-	72.41	-
Total Financial Liabilities	1,400.09	-	1,169.27	-



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(ii) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: 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 all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

iii) Fair value of financial assets and liabilities measured at amortized cost

The carrying amounts of Investments, deposits with banks and interest there on, trade receivables, cash and cash equivalents, loans to employees, borrowings, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short-term nature.

The fair values of security deposits and other advances are based on discounted cash flows. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Fair value of the security deposit and other advances are considered to be the same as their carrying value.

37 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The market risk to the Company is foreign exchange risk and interest rate. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer end.

37A CREDIT RISK

Credit risk comprises of direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. It mainly arises from trade receivables, cash and cash equivalents (excluding cash on hand) and bank deposits.

(i) Credit risk management

a) Trade receivables

The carrying amount of trade receivables represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was Rs. 2,251.66 lakhs as of March 31, 2020 (March 31, 2019 : Rs. 1,808.16).

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the company grants credit terms in the normal course of business. The Company's credit period generally ranges from 90-120 days.

The company does not have a high concentration of credit risk to a single customer. Single largest customer have the total exposure in receivables Rs. 126.81 lakhs as of March 31, 2020 (March 31, 2019 : Rs. 49.35 lakhs).

As per simplified approach, the company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of company's customers' financial condition; aging of trade accounts receivable and the company's historical loss experience.



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

The company defines default as an event when there is no reasonable expectation of recovery. The company has not made any provision for loss allowance in any of the years presented.

Trade receivables are written off when there is no reasonable expectation of recovery.

b) Cash & cash equivalent and bank deposits

Credit risk on cash and cash equivalents and bank deposits is generally low as the said deposits have been made with banks having good reputation, good past track record and high quality credit rating and company also reviews their credit-worthiness on an on-going basis.

c) Other financial assets

Credit risk on other financial assets is generally considered to be low

37B MARKET RISK

(i) Foreign currency risk

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity and that are monetary in nature. The Company is exposed to foreign exchange risk mainly arising from Trade Payables denominated in United States Dollar ('USD') and European Union Currency ('EURO') and Trade receivables in United States Dollar ('USD').

(a) Foreign currency risk exposure:

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2020

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

PARTICULARS	(Rs. in lakhs)					
	As at March 31, 2019			As at March 31, 2019		
	Amount	Foreign currency	Foreign Currency Amount	Amount	Foreign currency	Foreign Currency Amount
(i) Financial assets						
Trade receivables	106.71	USD	1.42	107.65	USD	1.55
(ii) Financial liabilities						
Trade payable	169.77	USD	2.25	83.21	USD	1.97

(b) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments is as follows:

(Rs. in lakhs)

PARTICULARS	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2020	Year ended March 31, 2019
USD - Sensitivity		
Rs./USD -Increase by 0.32% (March 31, 2019: 0.32%)	(0.20)	0.08
Rs./USD -Decrease by 0.32% (March 31, 2019: 0.32%)	0.20	(0.08)

#Holding all other variables constant



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(ii) Interest rate exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

(Rs. in lakhs)

PARTICULARS	As at March 31, 2020	As at April 01, 2019
Variable rate borrowings	414.47	445.64
Fixed rate borrowings	4.15	6.75
Total borrowings	418.62	452.39

An analysis by maturities is provided in Note 39(C) liquidity risk below.

(Rs. in lakhs)

PARTICULARS	Impact on Profit after Tax positive/(negative)	
	Year ended March 31,2020	Year ended March 31,2019
Interest rate - increase by 50 basis points	(2.07)	(2.23)
Interest rate - decrease by 50 basis points	2.07	2.23

37C LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities (comprising the undrawn borrowing facilities below), by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is managed by means of the ultimate parent company's Liquidity and Financial Indebtedness Management Policy, which aims to ensure the availability of sufficient net funds to meet the Company's financial commitments with minimal additional cost. One of the main liquidity monitoring measurement instruments is the cash flow projection, using a minimum projection period of 12 months from the benchmark date.

(i) Financing arrangements

The Company has undrawn borrowing facilities of Rs. 228.79 lakhs as at March 31, 2020 (Rs. 165.07 lakhs as at March 31, 2019) which is renewable on yearly basis by mutual consent. Undrawn credit facilities comprises of fund based and non-fund based.

(ii) Maturities of financial liabilities

The following table shows the maturity analysis of the company's financial liabilities based on the contractually agreed undiscounted cash flows as at the Balance Sheet date.

(Rs. in lakhs)

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 6 months	6 months to 1 year	Above 1 Year	Total
March 31, 2020				
Borrowings	414.47		4.15	418.62
Trade payables	926.14			926.14
Other financial liabilities	48.71	6.62		55.33
Total Liabilities	1,389.32	6.62	4.15	1,400.09



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in lakhs)

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	Less than 6 months	6 months to 1 year	Above 1 Year	Total
March 31, 2019				
Borrowings	445.64		6.75	452.39
Trade payables	644.47			644.47
Other financial liabilities	54.10	18.31		72.41
Total Liabilities	1,144.21	18.31	6.75	1,169.27

38 CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure of the Company, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company considers total equity reported in the financial statements to be managed as part of capital. The Company does not have any borrowing which is subject to the capital requirements.

39 EARNINGS PER SHARE

(Rs. in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax (Rs. in lakhs)	528.94	403.69
Weighted average number of shares outstanding for basic / diluted EPS (In lakhs)	50.15	50.15
Nominal value per share (In Rs.)	10.00	10.00
Basic / diluted earning per Share (In Rs.)	10.55	8.05

40 LEASES

As a lessee: Operating lease

The Company has operating leases for land and premises. Most of the leases are renewable for further period on mutually agreeable terms.

(Rs. in lakhs)

With respect to all operating leases:	Year ended March 31, 2020	Year ended March 31, 2019
Lease payments recognized in the Statement of Profit and Loss during the year	19.35	8.11

Transition to New Standards

The Company has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Company recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

41 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY



NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Gross amount required to be spent by the Company during the year	12.24	10.71
Amount spent during the year on:		
i) Construction / acquisition of asset	-	-
ii) On purposes other than (i) above	0.31	10.28

42 IMPACT OF COVID 19

The spread of COVID-19 has severely impacted business around the globe. In many countries including India, there has been severe disruption to regular business operations due to lock-down, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, intangible assets, Trade Receivables, and Inventory as at the balance sheet date and has concluded that there is no material adjustments required in the financial statements.

Management believes that it has considered all the possible impact of known events arising from COVID -19 pandemic in the preparation of the financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

- 43 Figures for the corresponding previous years have been regrouped/ rearranged, wherever necessary, to conform to the classification of the current year.

For Jayesh R Shah & Co
Chartered Accountants
Firm Registration No.:104182W
Sd/-
Jayesh Shah
Proprietor
Membership No.: 033864

For Panchsheel Organics Limited
Sd/-
Mahendra Turakhia
Managing Director
DIN:00006222

Sd/-
Kishor Turakhia
Director
DIN:00006236

Paresha R Turakhia
Sd/-
Director
DIN:08436437

Rajesh Turakhia
Sd/-
Chief Financial Officer

Place: Mumbai
Date: 31st July, 2020

Amit Jain
Sd/-
Company Secretary