



Panchsheel Organics Limited

Annual Report 2018-19



**PANCHSHEEL
ORGANICS LIMITED**
(CIN: - L24232MP1989PLC005390)



**ANNUAL REPORT
2018-19**

**30th ANNUAL GENERAL
MEETING**

**On Monday, the 30th day of September 2019
At Registered office: B6 & B7, Sector – C, Industrial Area,
Sanwer Road, Indore (MP) – 452015
At 11 A.M**

Website:- www.panchsheelorganics.com, E-Mail Id:- www.panchsheelorganics.com



PANCHSHEEL ORGANICS LIMITED

ANNUAL REPORT 2018-19

BOARD OF DIRECTORS

Mahendra Turakhia	Chairman & Managing Director	(DIN No. 00006222)
Kishore Turakhia	Promoter/Executive Director	(DIN No. 00006236)
Darshana Vishal Shah	Independent and Non-Executive Director	(DIN No. 07360922)
Diwakar Mani Tripathi	Independent and Non-Executive Director	(DIN No. 06912629)
Shambhunath chakravarti	Independent and Non-Executive Director	(DIN No. 06924557)
Rajesh Turakhia	Promoter/Executive Director	(DIN No. 00006246)

REGISTERED OFFICE

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

CORPORATE OFFICE

1, Kapadia Chamber, 1st Cinema Road,
Mumbai – 400 020

BANKERS

1. Yes Bank Ltd,
Horniman Circle, Mumbai

AUDITORS

Jayesh R.Shah & Co.
Chartered Accountants

COMPANY SECRETARY AND COMPLIANCE OFFICER

Miss. Alpi Jain (Date of appointment: 01st August,2019)

CHIEF FINANCIAL OFFICER

Chandrakant shah

PLANT

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



Panchsheel Organics Limited

Annual Report 2018-19

SHARE TRANSFER AGENTS

Purva Share Registry (I) Pvt Ltd
Shivshakti Industrial Estate,
Unit No. 9, 7/B, Sitaram Mill Compound,
J R Boricha Marge, Lower Parel, Mumbai 400 011



TABLE OF CONTENT

Particulars	Page No.
Notice of 30 th Annual General Meeting	5-13
Route Map to venue of AGM	14-15
Director Report & Annual Return (MGT-9)	16-35
CEO/CFO Certification	36-36
AOC-1 and AOC-2	37-37
Secretarial Audit Report	38-43
Corporate Governance Report	44-60
Auditors & PCS Certificate on Corporate Governance	61-62
Report on CSR	63-63
Management's Discussion and Analysis	64-72
Declaration of Independence by Independent Directors	73-78
Attendance Slip	79-79
Proxy Form	80-80
Auditors Report and Financial Statements (Standalone)	--



NOTICE

NOTICE is hereby given that 30th Annual General Meeting (AGM) of the Members of the Panchsheel Organics Limited will be held on Monday , September 30, 2019 at 11:00 a.m. at the Registered Office of the Company at B-6 & B-7 Sector-C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh -452015.

ORDINARY BUSINESS:

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2019 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the appoint of additional director to director of Mrs. Paresha Rajesh Turakhia and being eligible offers herself to act as director..
3. To appoint a Director in place of Mr. Kishor Abhaychand Turakhia who retires by rotation, and being eligible offers himself for re-appointment.
4. To consider and approve the dividend for the Financial Year 2018-19.
5. To ratify the appoint of M/s. Jayesh R. Shah &Co., Chartered Accountant, Statutory Auditor and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
“ M/s. Jayesh R. Shah & Co., Chartered Accountant, be and are hereby ratify their appointment at the 30th Annual General Meeting as Statutory Auditors of the Company, to hold office till the conclusion of the 32nd Annual General Meeting of the Company on such remuneration to be fixed by the Board of Directors of the Company.”
6. To consider and adopt IFCR report and Secretarial audit report from auditors & M/s GMS&CO, Practicing company secretary is appointed as scrutinizer for e-voting and ballot if any at the AGM for voting resolutions.

SPECIAL BUSINESS:

7. Re-appointment of Mr. Diwakar Mani Tripathi as an Independent Non-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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the



- Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Diwakar Mani Tripathi (DIN: 06912629), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation”. RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.
8. Re-appointment of Mr. Shambhunath Chakravarti as an Independent Non-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 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Shambhunath Chakravarti (DIN: 06924557), Independent Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024 and whose office shall not be liable to retire by rotation”. RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.
9. 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 upto 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."

10. 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,



Panchsheel Organics Limited

Annual Report 2018-19

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
Chairman and Managing Director
(Din: 00006222)**

Date: 31/08/2019

Place : Mumbai

Regd. Office.:

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

CIN: L24232MP1989PLC005390

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NOTES:

1. The Register of Member & Share Transfer Book of the company will remain closed from **Tuesday 24th September, 2019 to Sunday, 29th September, 2019** (both days inclusive) AND “Cut off” date will be 23rd September, 2019.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A Proxy form is annexed with this Notice. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

1. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.
2. Those Members who have so far not encashed their Dividend Warrants for earlier financial years may claim or approach the Company for payment, otherwise, the same will be transferred to the notified Fund as per the provision of Section 123 of the Companies Act, 2013
3. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office, quoting their Folio Numbers.
4. The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, Members who have not registered their e-mail addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email-id. Members holding shares in dematerialized form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will be available on the Company’s website-www.panchsheelorganics.com and the same shall also be available for inspection, during the office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.
5. Voting through electronic means: In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The instructions for e-Voting Services will be sent separately.



1. There will be one e-voting for every Client ID No. / Folio No., irrespective of the number of joint holders.
2. Members can opt for only one mode of voting i.e. through e-voting. In case Members cast their votes by e-voting, the votes cast through e-voting shall prevail and the votes cast through postal ballot form shall be considered invalid.
3. The e-voting shall not be exercised by a proxy.

Procedure to vote by means of E-Voting

1. In case email address of the Sole / First Holder is available with the Issuer/R&T Agent :
 - a.NSDL will generate User ID & password and send the same at the email address provided by issuer/R & T Agent.
 - b.Using the User ID and password, you will login to the e-Voting system www.evoting.nsdl.com of NSDL.
2. Others (where email address of the Sole / First Holder is not available with the Issuer/R&T Agent)
 - a.NSDL will generate User ID and password and provide it to the Issuer/R&T Agent.
 - b.The Issuer/R&T Agent will dispatch the User ID and password in a PIN mailer at the address of the Sole/First Holder.
 - c.Using the User ID and password, you will login to e-Voting system www.evoting.nsdl.com
 - d.Home page of “e-Voting” opens. Click on “e-Voting: Active E-voting Cycles”.
3. Select “EVEN” (Electronic Voting Event Number) of (Name of the Company).
4. Now you are ready for e-Voting as “Cast Vote” page opens.
5. Cast your vote by selecting appropriate option and click on “Submit” and also click on “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. Once you have voted on the resolution, you will not be allowed to modify your vote.
8. The corporate and institutional shareholders (companies, trusts, societies, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/ Appropriate Authorization etc. together with attested specimen signature of the duly authorized signatory(ies), to the Scrutinizer through e-mail at acs.gaurangshah@gmail.com with a copy marked to www.evoting.nsdl.com. You can also forward the documents at the Company’s email ID : acs.gaurangshah@gmail.com



9. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for Login to cast your vote.
10. The period for e-voting starts on Tuesday, 24th September, 2019 to Saturday, 28th September, 2019.
11. E-voting shall be disabled by NSDL at 5:30 p.m.

In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) for Shareholder on NSDL E-Voting website: www.evoting.nsdl.com You can also send your queries/ grievances relating to e-voting to the e-mail ID:- evoting@nsdl.co.in

6. The Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting.
7. Brief resume of Directors proposed to be appointed/re-appointed alongwith such other details as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and Secretarial Standards on General Meetings (SS-2), are provided as Annexure to this Notice.
8. Route Map of venue of Annual General Meeting is annexed to the Notice.
9. The relative Explanatory Statement, pursuant to Section 102 in respect of the special business set out in the accompanying Notice is annexed hereto.

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 30.09.2019

Item No. 7 .

Mr. Diwakar Mani Tripathi was appointed as an Independent Non Executive Director of the Company by the members at the 25th AGM of the Company held on 30th September, 2014 for a period of five consecutive years commencing from 1st April, 2014 upto 31st March, 2019. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company. Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Desai, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st April, 2019 upto 31st March, 2024.



Panchsheel Organics Limited

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Tripathi as an Independent Director. Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Diwakar Mani Tripathi as an Independent Director for another term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024, for the approval by the shareholders of the Company . accompanying Notice of the AGM. Mr. Tripathi is not related to any Director of the Company

Item No. 8 .

Mr. Shambhunath Chakravarti was appointed as an Independent NonExecutive Director of the Company by the members at the 25th AGM of the Company held on 30th September, 2014 for a period of five consecutive years commencing from 1st April, 2014 upto 31st March, 2019. As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company. Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Chakravarti, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director for second term of five consecutive years from 1st April, 2019 upto 31st March, 2024.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Chakravarti as an Independent Director. Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Chakravarti as an Independent Director for another term of five consecutive years with effect from 1st April, 2019 to 31st March, 2024, for the approval by the shareholders of the Company . the accompanying Notice of the AGM. Mr. Chakravarti is not related to any Director of the Company

Item No.9 & 10.

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,



Panchsheel Organics Limited

Annual Report 2018-19

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

Chairman and Managing Director

(Din: 00006222)

Date: 31/08/2019

Place :Mumbai

Regd. Office.:

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

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Panchsheel Organics Limited

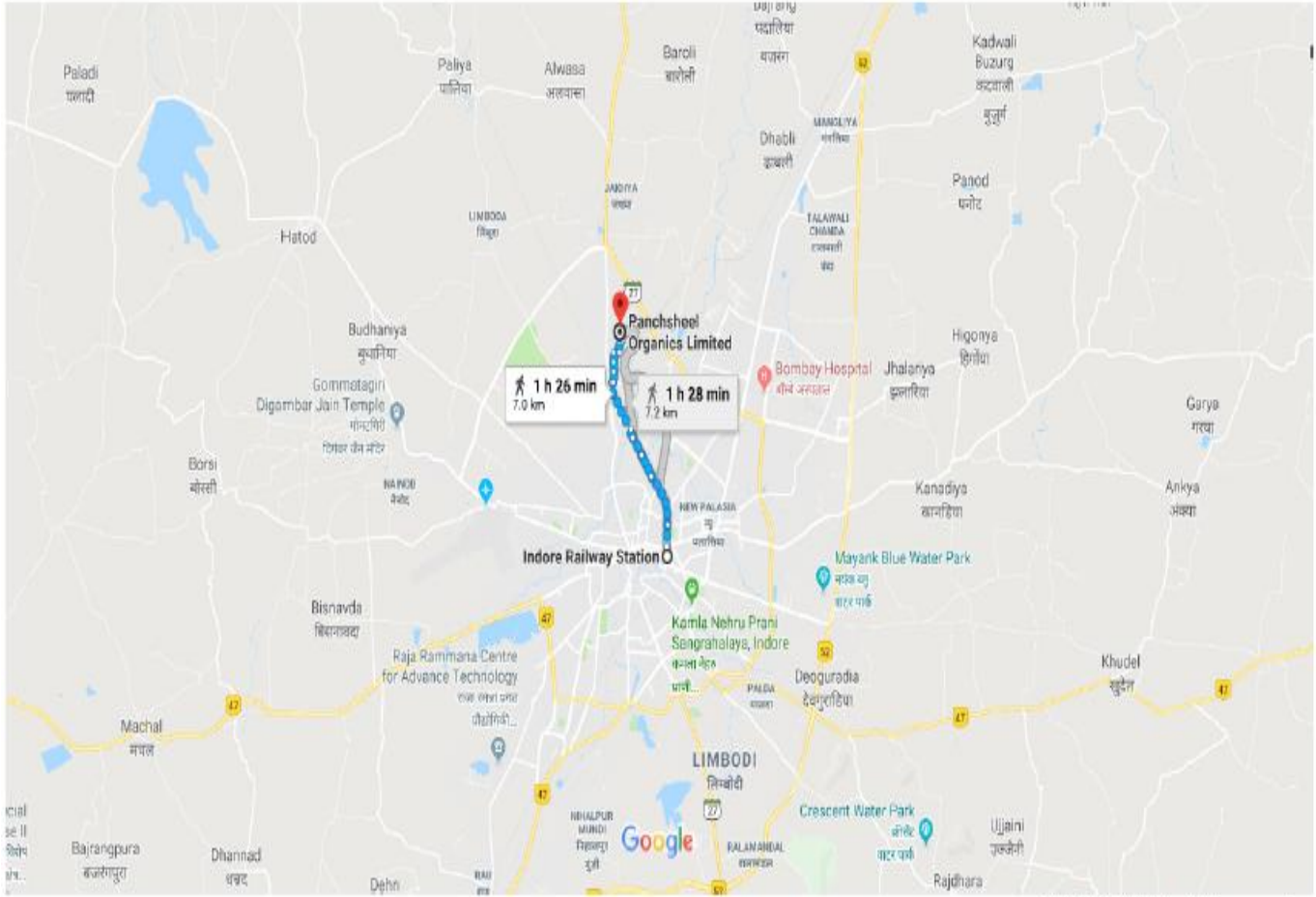
Annual Report 2018-19



Indore Railway Station to Panchsheel Organics Limited

Walk 7.0 km, 1 h 26 min

FOR ANNUAL GENERAL MEETING PLACE OF PANCHSHEEL ORGANICS LIMITED 2017-18





Panchsheel Organics Limited

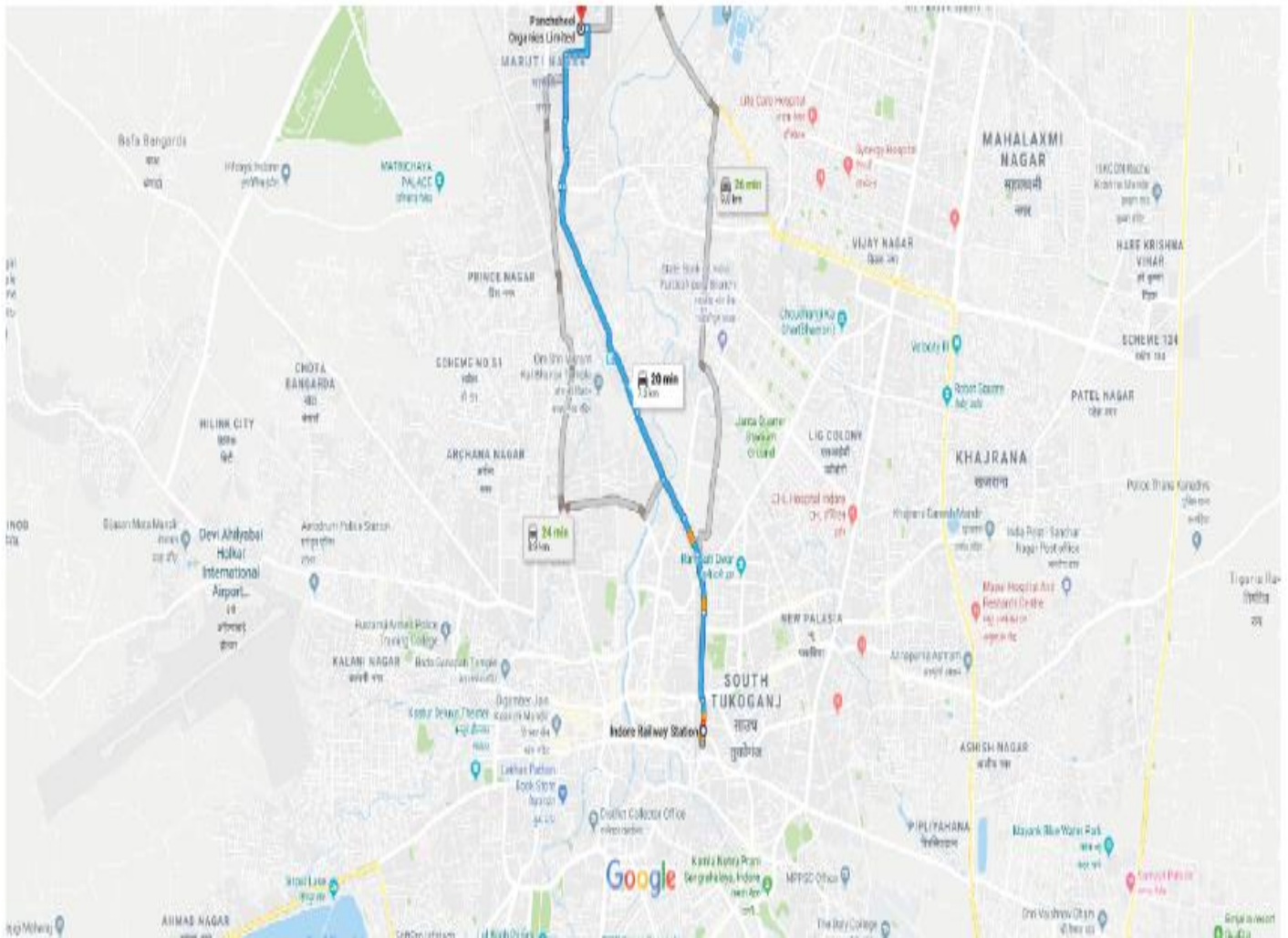
Annual Report 2018-19



Indore Railway Station to Panchsheel Organics Limited

Drive 7.3 km, 20 min

FOR ANNUAL GENERAL MEETING PLACE OF PANCHSHEEL ORGANICS LIMITED 2017-18



Map data ©2018 Google 1 km

**DIRECTOR'S REPORT**

Your Directors take pleasure in presenting the 30th Annual Report together with the Audited Balance Sheet as at 31 March, 2019 and the Statement of Profit & Loss for the year ended 31st March, 2019.

OPERATING RESULTS

PARTICULARS	Year ended March 31 2019 (₹)	Year ended March 31 2018 (₹)
INCOME		
Sales & Income from Operation		
Domestic	47,11,16,000	41,26,19,000
Export	1,12,29,000	1,40,74,000
	48,23,45,000	42,66,93,000
(Increase)/Decrease in Stocks	(10,02,000)	(9,06,000)
Less: Excise Duty	0	28,70,000
Add:-Other Income	27,87,000	7,23,000
Other Operating Income	93,000	1,46,35,000
TOTAL	48,42,23,000	42,93,80,000
EXPENDITURE		
Operating Expenditure	36,79,56,000	31,27,66,000
Administrative And Other Expenditure	4,60,79,000	4,32,24,000
Finance Charges	38,74,000	53,73,000
Depreciation for the Year	1,16,46,000	1,22,21,000
TOTAL		
Profit Before Tax	565,80,000	518,68,000
Less: Current Tax	(1,82,64,000)	(1,70,61,000)
Deferred Tax	20,53,000	19,30,000
Profit After Tax	4,03,69,000	3,67,37,000

PERFORMANCE

During the year under review your Company's turnover of ₹ 48,23,45,000 in the current year 2018-19 compared to ₹42,66,93,000 in the previous fiscal year 2017-2018, registering a increase. The Turnover of the Company for the year under review is stable.

DIVIDEND

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of final dividend of 10% per equity share (₹1.00 per equity share) for the financial year ended March, 2019. The Dividend will be paid in compliance with the applicable regulations.

The dividend will be paid to the members whose names appears in the Register of Members between 24th September, 2019 to 29th September, 2019 in respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.



REVIEW OF OPERATIONS & FUTURE PROSPECTS:

The Turnover of the Company for the year under review showed a Increase over the corresponding previous year.

DIRECTORS

Your Company has 6 Directors consisting of 3 Independent Directors, 3 (Three) Executive Directors including Managing Director as on March 31, 2019.

In accordance with the Articles of Association of the Company and In terms of Section 152 of the Companies Act, 2013, Mr. Kishore A. Turakhia the Directors of the Company, retire by rotation and being eligible, offer them for re-appointment.

As well 2 in Independent director's Mr. Diwakar Mani Tripathi & Mr. Shambhunath Chakravarti given consent for re appointments received by board and for second term and being eligible, offer them for re-appointment.

AUDITORS

M/s Jayesh R. Shah & Co., Chartered Accountants, the Statutory Auditor of the Company be and is hereby given there consent to ratify their appointment at the ensuing Annual General Meeting to act as a Statutory Auditor of the company to hold the office from the date of 30th Annual General Meeting until the conclusion of the 32nd Annual General Meeting subject to confirm in AGM.

AUDITOR'S REPORT

Information and explanations on items contained in the Auditors Report which might be considered to be "Reservations, Qualifications or adverse Remarks" is given below:

KEY MANAGERIAL PERSONNEL

Mr. Navin Mehta, as the Compliance Officer of the Company is appointed as Key Managerial Personnel during the Financial Year 2018-19 in accordance with the Section 203 of the Companies Act, 2013 and Mrs. Charmi jobalia filed their resignation during the year 18-19.

NUMBER OF MEETINGS OF THE BOARD

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board/Committee meeting to be held in the forthcoming financial year is being circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings. Due to business exigencies, certain business decisions are taken by the Board through circulation from time to time.



Panchsheel Organics Limited

During the Financial Year 2018-19, the Company held 4 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.

S No.	Date of Meeting	Board Strength	No. of Directors Present
1	30.05.2018	6	6
2	07/06/2018	6	6
3	14/08/2018	6	6
4	03/09/2018	6	6
5	14/11/2018	6	6
6	14/02/2019	6	6

COMMITTEE OF DIRECTORS

The Company has following Committees of the Board:

*Audit Committee

*Nomination and Remuneration Committee

*Shareholder grievances committee/Investors Grievances Committee:

The details with respect to the compositions, powers, roles, terms of reference, etc. of relevant committees are given in details in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

FIXED DEPOSITS

The Company has not invited and accepted any Fixed Deposits from the public within the meaning of with Section 73 and 74 of the Companies Act, 2013 read with Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014 , hence disclosure required under above rule not applicable to the Company.

FINANCIAL CONDITION AND RESULT OF OPERATION

Management Discussion and Analysis of financial condition and result of operation of the Company for the year under review, as stipulated under SEBI Listing Regulations 2015 of listing agreement with the Stock Exchanges are given as a separate statement in the Annual Report.



PARTICULARS OF EMPLOYEES

Particulars of employees as required u/s 134 of the Companies Act, 2013 are not annexed since there are no employees drawing remuneration of more than Rs 60,00,000/- per annum during the year under review, if employed for full year or more than Rs.5,00,000/- per month, if employed for part of the year.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013-

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 2) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. 31st March, 2019 and of the profit or loss of the Company for the year ended on that date.
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors had prepared the annual accounts on a going concern basis.
- 5) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- 6) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

DECLARATION BY INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and SEBI (LODR), 2015.

Independent Directors shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Mr. Diwakar Mani Tripathi & Mr. Shambhunath Chakravarti given consent for re appointments received by board and for second term and being eligible, offer them for re-appointment.

LISTING OF EQUITY SHARES

The equity shares of your Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE). The Listing fee for the financial year 2018-2019 has already been paid.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS



Panchsheel Organics Limited

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

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

A Statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988, is annexed hereto; and forms part of this report.

CORPORATE GOVERNANCE

As required by the SEBI Listing Regulations 2015 entered in to by your Company with the BSE Limited, a detailed Report on Corporate Governance together with a report on Management Discussion Analysis is included in the Annual Report. The Auditors have certified the Company's Compliance with the Listing Agreement and the same is annexed to the report on Corporate Governance.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as "Annexure-A" to the Directors' Report.

BUSINESS RISK MANAGEMENT

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.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with reference to financial statements. The Company has adopted policy on internal financial control system for proper observation of adequate internal financial controls.

POLICIES

Vigil Mechanism / Whistle Blower Policy

The Company has a vigil mechanism named Whistle Blower Policy (WBP) in accordance with Section 177(9) of the Companies Act, 2013 and SEBI Listing Regulations 2015 to deal with instances of fraud and mismanagement, if any. The vigil mechanism/Whistle Blower Policy is uploaded on the Company's website.

Remuneration Policy



The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arms length basis. There were no materially significant related party transactions entered by the Company with promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company. Considering the nature of the industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which is on arm's length basis. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Company.

SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. A policy for prevention of Sexual Harassment of Women at workplace and setting up of the Committee for implementation of said policy is under review and consideration.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is attached separately to this report.

CORPORATE SOCIAL RESPONSIBILITY

The company does meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so company constitute Corporate Social Responsibility Committee and made necessary expenditure as stated in auditors report.

Further, Panchsheel organics Limited CSR will primarily focus on programs that:

- Promote education; - Create sustainable level.

SECRETARIAL AUDITOR

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 has appointed M/s GMS & CO., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure-B" to the Directors' Report.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually,



Panchsheel Organics Limited

the Chairperson's as well as the evaluation of the working of its Audit Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

There was unpaid/unclaimed Dividend of Rs.13.48 lakhs declared and paid in financial year 2018-19. The company has unpaid/unclaimed dividend of Rs.10.17 lakhs and Rs.115,612/- and Rs.110,292.50/- for past years which are not due for transfer to Investor Education and Protection fund pursuant to the provisions of Section 125 of the Companies Act, 2013.

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

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and sincere thanks to the state government, government agencies, banks, financial institutions, joint venture partners, customers, shareholders, fixed deposit holders, vendors and other related organizations who through their continued support and co-operation, have helped, as partners, in your Company's progress.

Your Directors also acknowledge the hard work, dedication and commitment of the employees.

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

Sd/-

Place: Indore
Date: 29/05/2019

**Mahendra A. Turakhia
Chairman and Managing Director**

**ANNEXURE TO DIRECTOR'S REPORT**

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 2019.

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 and Fuel Consumption: Rs.9,252,463.62/-

	PARTICULARS	Current Year	Previous Year
1.	Electricity		
	Total Units	617753.00	594151.00
	Amount (Rs. In Lacs)	53.91	49.30
	Rate per unit (Rs.)	8.73	8.30
	Consumption per unit of Production (in unit)/Kg	9.14	8.02
2.	Gas/Furnace Oil (Diesel)		
	Total units (ltr.)	315226	274837
	Amount (Rs. In Lacs)	38.61	27.91
	Rate per Unit (Rs.)	12.25	10.16
	Consumption per unit of production (in unit) Kg	4.66	3.71

FORM 'B' TECHNOLOGY ABSORBTION**Research and Development (R & D)**

1.	Specific Areas in which developmental activities carried out by the company	Development of new products and absorption of new technology.
2.	Benefits derived as a result of the above R & D	Improvement in quality, customer satisfaction , productivity & Transparency
3.	Future plan of action.	Up gradation of technology & Improving standard of living.
4.	Expenditure on R & D	There being no separate R & D cell, the expenditure cannot be quantified



TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The management has created a work culture in the organization to foster innovation in all functions including production. The technology used is entirely indigenous. However, continuous efforts are being made towards the modernization and up gradation of technology for higher output of the products qualitatively and quantitatively modernization; and up gradation of technology for higher output of the products qualitatively and quantitatively.

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

Sd/-

**Place: Indore
Date: 29.05.2019**

**Mahendra A. Turakhia
Chairman and Managing Director**



ANNEXURE- A

<p style="text-align: center;">Form No. MGT-9</p> <p style="text-align: center;">ANNUAL RETURN</p> <p style="text-align: center;">As on the financial year ended on 31/03/2019</p> <p style="text-align: center;">Of</p> <p style="text-align: center;">PANCHSHEEL ORGANICS LIMITED <i>[Pursuant to Section 92(1) of the Companies Act, 2013 And Rule 11(1) of the Companies (Management and Administration) Rules, 2014]</i></p>
--

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 , Unit No. 9, Shiv Shakti Ind. Estt., J.R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai-400011



2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

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

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

4. 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 - Individual s	--	--	--	--	--	--	--	--	--
b) Other - Individual s	--	--	--	--	--	--	--	--	--
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	23295	13800	37095	0.74	22630	7523	30153	0.60	0.60
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individual				--					
i) Individual Shareholders holding nominal share capital upto Rs. 2 Lakh	522170	279597	801767	15.99	528498	233700	762198	15.20	0.82
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	590933	11963	602896	12.02	640669	2500	643169	12.82	1.04
c) Other (Specify)				--					
i) Non Resident	82383	0	82383	1.64	82985	43	83028	1.66	1.66



Indians									
ii) Hindu Undivided Families	67667	0	67667	1.35	67438	6771	74209	1.48	1.48
iii) Clearing Members	2256	0	2256	0.04	1307	0	1307	0.03	0.03
Sub-Total (B)(2):	1288704	305360	1594064	31.78	1344064	250000	1594064	100.00	-
Total Public Share holding (B)= (B)(1) +(B)(2)	--	--	--	--					--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	4710040	305360	5015400	100	4765400	250000	5015400	100	--

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 Pledge d/ 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	153700	03.06%	NIL	153700	03.06%	NIL	NIL



Turakhia (Huf)							
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
AT THE BEGINNING OF THE YEAR				
Kishore Abhaychand Turakhia	991686	19.77	991686	19.77
Rajesh Abhaychand Turakhia	983114	19.60	983114	19.60
Mahendra Abhaychand Turakhia	985436	19.65	985436	19.65
Mahendra A Turakhia (Huf)	153700	3.06	153700	3.06
Rajesh A Turakhia (Huf)	153700	3.06	153700	3.06
Kishore A Turakhia (Huf)	153700	3.06	153700	3.06
DATE WISE INCREASE/DECREASE in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
Kishore Abhaychand Turakhia	-	-	-	-
Rajesh Abhaychand Turakhia	-	-	-	-
Mahendra Abhaychand Turakhia	-	-	-	-
Mahendra A Turakhia (Huf)	-	-	-	-
Rajesh A Turakhia (Huf)	-	-	-	-
Kishore A Turakhia (Huf)	-	-	-	-
AT THE END OF THE YEAR				
Kishore Abhaychand Turakhia	991686	19.77%	991686	19.77%
Rajesh Abhaychand Turakhia	983114	19.60%	983114	19.60%
Mahendra Abhaychand Turakhia	985436	19.65%	985436	19.65%
Mahendra A Turakhia (Huf)	153700	03.06%	153700	03.06%
Rajesh A Turakhia (Huf)	153700	03.06%	153700	03.06%
Kishore A Turakhia (Huf)	153700	03.06%	153700	03.06%



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

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
For Each Top 10 Share Holders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
AT THE BEGINNING OF THE YEAR				
KAMLESH MAHASHUKHBHAI GANDHI	34794	00.69%	34794	00.69%
GAURANG NATWARBHAI PATEL	34060	00.68%	34060	00.68%
NARENDRAKUMAR CHUNILAL JASANI	30000	00.60%	30000	00.60%
ILA S SHAH	18905	00.38%	18905	00.38%
VARUN BASANT JAIN (HUF)	15305	00.30%	15305	00.30%
KOKILA DHIRAJLAL SHAH	5500	00.11%	5500	00.11%
BANPYNSKHEMLANG MAJAW	4849	00.10%	4849	00.10%
SAMIR M SHETH (HUF)	4800	00.10%	4800	00.10%
KINNAR JAYANTILAL SHAH	3500	00.07%	3500	00.07%
VISHAL CHANDRAKANT SHAH	3257	00.06%	3257	00.06%
Date wise Increase/Decrease in top 10 Shareholding (other than Directors, Promoters and Holders of GDRs and ADRs): during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
NARENDRAKUMAR CHUNILAL JASANI	(30000)	(00.60%)	(30000)	(00.60%)
ILA S SHAH	(18905)	(00.38%)	(18905)	(00.38%)
VARUN BASANT JAIN (HUF)	(15305)	(00.30%)	(15305)	(00.30%)
KOKILA DHIRAJLAL SHAH	(5500)	(00.11%)	(5500)	(00.11%)
BANPYNSKHEMLANG MAJAW	(4849)	(00.10%)	(4849)	(00.10%)
SAMIR M SHETH (HUF)	(4800)	(00.10%)	(4800)	(00.10%)
KINNAR JAYANTILAL SHAH	(3500)	(00.07%)	(3500)	(00.07%)
VISHAL CHANDRAKANT SHAH	(3257)	(00.06%)	(3257)	(00.06%)
AT THE END OF THE YEAR				
MANISH UMED DOSHI	84008	01.68%	84008	01.68%
KALPESH C. DESAI	61350	01.22%	61350	01.22%



RISHABH SHAH	61350	01.22%	61350	01.22%
KAMLESH M GANDHI	48500	00.97%	48500	00.97%
CHIRAG ASHOK PAREKH	40800	00.81%	40800	00.81%
NAYANA R PAREKH	38400	00.80%	38400	00.80%
GIRISH RATILAL GANDHI	37900	00.77%	37900	00.77%
KAMLESH MAHASHUKHBHAI GANDHI	34794	00.69%	34794	00.69%
GAURANG NATWARBHAI PATEL	34060	00.68%	34060	00.68%
REKHA RAJESH DAMANI	30900	00.62%	30900	00.62%

v. Shareholding of Directors and Key Managerial Personnel

Name of Director/KMP:

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
For Each Directors and KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<u>At the beginning of the year</u>				
Kishore Abhaychand Turakhia	991686	19.77	991686	19.77
Rajesh Abhaychand Turakhia	983114	19.60	983114	19.60
Mahendra Abhaychand Turakhia	985436	19.65	985436	19.65
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
Kishore Abhaychand Turakhia	-	-	-	-
Rajesh Abhaychand Turakhia	-	-	-	-
Mahendra Abhaychand Turakhia	-	-	-	-
<u>At the end of the year</u>				
Kishore Abhaychand Turakhia	991686	19.77	991686	19.77
Rajesh Abhaychand Turakhia	983114	19.60	983114	19.60
Mahendra Abhaychand Turakhia	985436	19.65	985436	19.65



5. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	5,17,85,000	-	-	5,17,85,000
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ ii+ iii)	5,17,8,5000	-	-	5,17,85,000
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	(65,46,000)	-	-	(65,46,000)
Net Change	(65,46,000)	-	-	(65,46,000)
Indebtedness at the end of the financial year				
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

6. 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 Directors)	Rajesh Abhechand Turakhia (Whole-time director)	Kishore Abhaychand Turakhia (Whole-time director)
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	26,60,000	26,60,000
	(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	27,80,000	--	--
	- 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 Tripath	Shambhnath Chakravarti	Total amount
1.	Independent Director	-	-	-	-
	-Fee for attending Board/Committee Meetings	-	-	24000	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	-	-	24000	-
2	Other Non Executive Directors				
	-Fee for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total B= 1+2	-	-	24000	-
	Total Managerial Remuneration	-	-	24000	-
	Other Ceiling as per Act	-	-	-	-



7. 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/-

Place: Indore
Date: 29/05/2019

Mahendra A. Turakhia
Chairman and Managing Director

CFO CERTIFICATION

To,
PANCHSHEEL ORGANICS LIMITED
(CIN: L24232MP1989PLC005390)
Regd.office: B6 & B7, Sector – C, Industrial Area,
Sanwer Road, Indore (MP) – 452015

Dear Members of the Board,

We have reviewed the Financial Statements and the cash flow statement of **PANCHSHEEL ORGANICS LIMITED** for the year ended 31st March, 2019 and to the best of our knowledge and belief:

- (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) 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.

There are, to the best of our 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. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls. We have indicated to the Auditors and the Audit Committee:

- (a) that there are no significant changes in internal control over financial reporting during the year;
- (b) that there are no significant changes in accounting policies during the year; and
- (c) that there are no instances of significant fraud of which we have become aware

FOR PANCHSHEEL ORGANICS LIMITED

Sd/-

Chandrakant shah

CFO

Dated: 29/05/219

Place :Mumbai

ANNEXURES

Form AOC-1

**(Pursuant to first proviso to sub-section (3) of
Section 129 read with Rule 5 of Companies
(Accounts) Rules, 2014)**

Statement containing salient features of the financial statement of
Subsidiaries/Associate Companies/Joint Ventures

ASSOCIATE

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

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into
by the company with related parties referred to in sub section (1) of
section 188 of the Companies Act, 2013 including certain arm's length
transaction under third proviso thereto.-**NA**

For PANCHSHEEL ORGANICS LIMITED

Sd/

Mahendra A. Turakhia

Chairman and Managing Director

(Din: 00006222)

Date: 29/05/2019

Place : Mumbai



GMS & CO.

Practicing Company Secretaries

Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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 2019

The Members,
PANCHSHEEL ORGANICS LIMITED
CIN NO: L24232MP1989PLC005390
Add: B-6 & B-7 Sector-C,
Industrial Area, Sanwer Road,
Indore-452015, Madhya Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **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 my verification of the **PANCHSHEEL ORGANICS LIMITED** Legal papers, minute books, forms and returns filed with MCA 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 2019 complied with the statutory provisions listed hereunder except observation mention below 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 Legal papers, minute books, forms and returns filed with MCA and other records maintained by **PANCHSHEEL ORGANICS LIMITED** for the financial year ended on 31st March 2019 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;



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- (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, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The following are the other laws applicable to the Company :
 - 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



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7. The Payment of Gratuity Act, 1972
8. Key National law i.e.
 - Water (Prevention and Control of Pollution) Act, 1974;
 - Water (Prevention and Control of Pollution) Cess Act, 1977;
 - Air (Prevention and Control of Pollution) Act, 1981;
 - Environment (Protection) Act, 1986;
9. **Pharmaceutical Industry:**
 - Pharmacy Act, 1948 Drugs and Cosmetics Act, 1940
 - Homoeopathy Central Council Act, 1973
 - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange(s).

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

It is observed that as per the management representation letter given by the company that they have already submitted delisting application to Ahmadabad stock exchange exchange the same matter is pending with the exchanges and delisted from Madhya Pradesh stock exchange due to closed of stock exchange.

Its Observed that as per the section section 138 Internal Auditor requires to appoint by the company during the financial year but company not complied the same.

Its observed that companies is in process to file compounding application with NCLT for cost audit compliance of past year.

Its observed that as per representations received from the Rajesh Turakhia that his din number is in the list of disqualification and he had applied to NCLT to restore the same.



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Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

Its observed that company received notices for non compliance of listing agreement and company justified with proper reply to resolved the same.

Its observed that the company made payment for CSR activity to the proper institute but we are not able to verified the status of actual expenditure conducted by same institute for the same.

I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We have not commented and point 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 commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For GMS & CO.,
Company Secretary in practice

Sd/-
Gaurang Manubhai Shah
Proprietor
ACS No. 32581
C.P. No. 11953.

Place: Mumbai
Date: 29.05.2019



GMS & CO.

Practicing Company Secretaries

Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

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

Annexure A

The Members,
PANCHSHEEL ORGANICS LIMITED
CIN NO: L24232MP1989PLC005390
Add: B-6 & B-7 Sector-C,
Industrial Area, Sanwer Road,
Indore-452015, Madhya Pradesh

My Report of even date is to be read along with this letter:

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



GMS & CO.

Practicing Company Secretaries

Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

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.

For GMS & CO.,
Company Secretary in practice

Sd/-
Gaurang Manubhai Shah
Proprietor

ACS No. 32581

C.P. No. 11953

Place: Mumbai
Date: 29.05.2019



Corporate Governance Report 2018-2019

The detailed report on Corporate Governance, for the financial year ended March 31, 2019 as per the format prescribed by SEBI and incorporated in **SEBI Listing Regulations 2015** is set out below:

1. Company's philosophy on the Code of 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 recognised 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

The Board of Panchsheel consists of Six Directors with a fair representation of Executive, Non-Executive and Independent Directors. The Chairman being Executive, as per Listing Regulations, the Company has three Independent Directors. There is no institutional nominee on the Board. Details of Directors retiring by rotation and their brief are provided in the notice to Annual General Meeting.

2.1. Composition and category of Directors

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



Corporate Governance Report 2018-2019

2.2. 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 Company held 6 (Six) Board Meetings for the year ended 31st March, 2019. These were held on 30th May, 2018; 07TH June, 2018, 14th August, 2018; 03RD September, 2018; 14TH November, 2018; 14th February, 2019.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31st March 2019 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	6	Yes	None	None
Kishore A. Turakhia	6	Yes	None	None
Rajesh A. Turakhia	6	Yes	None	None
Darshana Vishal Shah	6	Yes	None	None
Diwakar Mani Tripathi	6	Yes	None	None
Shambhunath Chakravarti	6	Yes	None	None

In accordance with the Articles of Association of the Company and In terms of Section 152 of the Companies Act, 2013, Mr. Kishore A. Turakhia the Directors of the Company, retire by rotation and being eligible, offer them for re-appointment.

2.3 Information provided to the Board:



Corporate Governance Report 2018-2019

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 will 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.

2.4. Brief resume of Directors who will be retiring by rotation at this Annual General Meeting of the Company

Mr. Kishore A. Turakhia aged 64 years, residing at B/105, Swetambari Apts., 2nd Floor, N. J. Road No. 5, Gulmohar Cross Road No. 6, Mumbai 400049 holds the degree of Bachelor of Commerce and has a rich experience in the Pharmaceuticals industry as well as finance.

2.5 Secretarial Standards Relating To The Meetings

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the Meetings of the Board thereof and Annual General Meetings. Approval of the Central Government under sub-section (10) of Section 118 of the Companies Act, 2013 has



Corporate Governance Report 2018-2019

been accorded to the Secretarial Standards (SS) namely SS-1 on Meetings of the Board and SS-2 on General Meetings.

These Secretarial Standards (SS-1 and SS-2) shall apply to Board Meetings and General Meetings, in respect of which Notices are issued on or after 1st July, 2015. The Company shall follow the same.

3. 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.

3.1 Composition, Name of Members and Chairman

The Audit Committee of the Board comprises three Directors namely Darshana Vishal Shah as a Chairman, Mr. Kishore A Turakhia and Diwakar Mani Tripathi as members. The Audit Committee meets with the requirement of the Companies Act, 2013 and SEBI Listing Regulations 2015.

3.2 Brief description of the terms of reference

The Audit Committee of the Company Perform following functions as follows:

- (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



Corporate Governance Report 2018-2019

- 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.

3.3 Meetings and Attendance during the year 2018-19

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

Name Of Directors	Category	No. of Meetings held during the year	
		Held	Attended
Mrs. Darshana Vishal Shah	Independent	4	4
Mr. Kishore A. Turakhia	Non-Independent	4	4
Mr. Diwakar Mani Tripathi	Independent	4	4

3.4 Independent Directors' Meeting



Corporate Governance Report 2018-2019

During the year under review, the Independent Directors met on 14th February, 2019 inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

4. Remuneration Committee

The Remuneration Committee determines and recommends to the Board of Directors, the remuneration payable to the Executive Directors. The Board of Directors approved the remuneration to the Executive Directors on the basis of the performance as well as Company's performance, subject to consents as may be required.

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

The resolutions for the appointment and remuneration payable to the Executive Directors including commission to Managing Director are approved by the shareholders of the Company.

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 Remuneration Committee of the Board comprises three Directors namely:

Mr. Diwakar Mani Tripathi	-	Chairman
Mr. Rajesh A Turakhia	-	Member
Mrs. Darshana Vishal Shah	-	Member

The details of remuneration paid to the Non-Executive Directors by way of sitting fees during the financial year 2018-19 are given below:



Corporate Governance Report 2018-2019

Sr. No.	Name of the Non-Executive Director	Sitting fees (Rupees)	Other elements of remuneration
1.	Mrs. Darshana Vishal Shah	-	-
2.	Mr. Diwakar Mani Tripathi	-	-
3.	Mr. Shambhunath Chakravarti	24000	-

5. Shareholders/ Investor Grievance Committee

5.1 Scope of the 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.

5.2 Composition of the Committee

The Committee is headed by Mr. Rajesh A Turakhia, Executive Director and other members of the Committee include Mr. Kishore A Turakhia and Mr. Diwakar Mani Tripathi.

5.3 Compliance Officer

Mr. Navin Mehta is the Compliance officer of the Company

6. General Body Meetings

6.1 Location and time, where last three AGMs were held

Following table details the particulars of the last Three Annual General Meetings of the Company

Financial Year	Date	Venue
2015-16	30 th September	Registered Office
2016-17	29 th September	Registered Office
2017-18	29 th September	Registered Office



Corporate Governance Report 2018-2019

7. Disclosures

7.1 Disclosures regarding materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters or Directors or management or relatives etc. that may have potential conflict with the interest of the Company.

All transactions with the Related Parties were in the ordinary course of business and at an arms length.

7.2 Disclosure

There are no material transactions with related parties, which require separate disclosure. A comprehensive list of related party transactions as required by Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of note no. N of II other explanatory notes and information to the accounts in the Annual Report.

The Board reviews the risk assessment and minimization procedure from time to time. The risk management issues are discussed in detail in the report of Management Discussion and Analysis.

There is no material pecuniary transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

The Management Discussion and Analysis Report prepared in accordance with the requirements laid out in SEBI Listing Regulations 2015.

There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management or relatives etc. that may have potential conflict with the interest of the Company at large.

No penalties were imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any other statutory authority on any matter related to capital market during the last three years.

The details of compliance with mandatory requirements of SEBI Listing Regulations 2015 are as contained in this Report.

7.3 Prevention of Insider Trading



Corporate Governance Report 2018-2019

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date on prevention of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered by its management staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made while dealing with shares of the company and cautioning them on the consequences on non-compliance thereof.

The Company follows quiet periods (closure of trading window) prior to its publication of unpublished price sensitive information. During the quiet period, the Company has set up a mechanism where the management and relevant staff and business associates of the Company are informed not to trade in Company's securities.

The Company also affirms that no personnel has been denied access to the audit committee

7.4 Code of conduct

In terms of **SEBI Listing Regulations 2015**, the Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The same has been posted on the Company's website. The Declaration by the Chairman of the Company forms part of this Report.

7.5 Details of Compliance with SEBI Listing Regulations 2015

The Company has complied with the provisions of **SEBI Listing Regulations 2015**

8 Means of Communication

- (a) Half-yearly report were sent to each registered residential addresses of shareholders
- (b) The quarterly and half yearly results are published in the Free Press Journal (National Daily) And Chautha Sansar (Regional Newspaper).
- (c) The Listing Centre of BSE is a web based application designed by the BSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, etc are also filed electronically on the Listing Centre.
- (d) The investors complaints are processed in a centralized web based complaints redress system. The salient features of this system is Centralised database of all companies, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the compliant and its current status.



Corporate Governance Report 2018-2019

9. Management Discussion and Analysis

The Company has provided a detailed Management Discussion and Analysis report in its Annual Report and the same forms part of the Annual Report.

10. General Shareholder Information

10.1 Forth Coming Annual General Meeting

The forthcoming Annual General Meeting of the Company is scheduled to be held on 30th September, 2019 at the Registered Office of the Company at 11.00 a.m. at B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore-452015.

10.2 Financial Year of the Company

1st April 2018 to 31st March 2019.

10.3 Date of Book Closure

From 24rd September, 2019 to 29th September, 2019 (Both days inclusive).

10.4 Dividend payment date

Credit/ dispatch of dividend warrants between 03rd October, 2019 to 10th October, 2019.



Corporate Governance Report 2018-2019

10.5 Listing on Stock Exchange

The Bombay Stock Exchange Limited, Mumbai

10.6 Stock Code

531726 on The Bombay Stock Exchange Limited, Mumbai

10.6 The ISIN of Panchsheel Organics Limited on both NSDL and CDSL

INE 316G01019

10.7 Market Price Data: High Low during each month in Financial Year i.e. 1st April 2018 to 31st March, 2019.

Month	Open Price	High Price	Low Price	Close Price
April 2018	70.00	95.10	70.00	84.95
May 2018	88.00	88.00	68.20	73.00
June 2018	72.70	82.90	60.65	78.70
July 2018	68.50	80.00	59.70	66.50
August 2018	71.00	80.75	60.10	68.50
September 2018	70.00	73.95	60.30	63.50
October 2018	63.50	72.00	56.25	60.05
November 2018	62.00	75.00	58.50	62.00
December 2018	65.00	67.50	58.70	63.35
January 2019	60.65	68.40	56.85	59.80
February 2019	56.85	66.60	49.50	60.40
March 2019	63.40	74.50	60.70	67.00

10.8 Registrar and Share Transfer agents

Purva Share Registry (I) Private Limited
Shiv Shakti Industrial Estate, Unit No. 9, 7/B



Corporate Governance Report 2018-2019

Sitaram Mill Compound, J. R. Boricha Marg
Lower Parel (East), Mumbai- 400 011.

10.9 Share transfer system

Shares sent for transfer in physical form are registered and returned by Registrar and Share transfer agents within 30 days from the date of receipt of documents, provided the documents are found in order. Share under objection are returned within 21 days.

10.10 Distribution Schedule and Shareholding Pattern as on March 31, 2019

Distribution Schedule as on March 31, 2019

Sr. No.	Category	No. of Shareholders	% of Shareholders	Amount	% Amount
1	1 - 5000	1058	73.37	23,22,230	4.63
2	5001 - 10000	193	13.38	16,98,880	3.39
3	10001 - 20000	90	6.24	13,27,690	2.65
4	20001 - 30000	22	1.53	5,77,520	1.15
5	30001 - 40000	18	1.25	6,42,130	1.28
6	40001 - 50000	17	1.18	7,95,090	1.59
7	50001 - 100000	20	1.39	14,45,070	2.88
8	100001 and above	24	1.66	4,13,45,390	82.44
Total		1620	100.00	50,15,4000	100.00

Shareholding Pattern as on March 31, 2019

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.	Private Bodies Corporate	19	30153	0.60 %
6.	Indian Public	1486	1405367	27.98 %
7.	NRIs/OCBs	28	83028	1.66 %
8.	Others	58	75516	1.51%
Total		1597	50,15,400	100

10.11 Dematerialisation of Shares



Corporate Governance Report 2018-2019

As on 31st March, 2019, 759414 equity shares of Rs.10/- each were in dematerialized form with NSDL and 4005986 equity shares of Rs. 10/- each were in dematerialized form.

10.12 Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

Not issued

10.13 Plant Locations

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

10.14 Address for correspondence

For any Query relating to the Shares of the Company

Purva Share Registry (I) Private Limited

Shiv Shakti Industrial Estate, Unit No. 9, 7/B, Sitaram Mill Compound, J. R. Boricha Marg.
Lower Parel, Mumbai- 400 011

Any other Query

Secretarial Department

Panchsheel Organics Limited

B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore -452015, M.P.

Email: poltd@vsnl.com



Corporate Governance Report 2018-2019

11. Code of Business Conduct & Ethics For Directors/Management Personnel

The company is committed in conducting its business in conformity with ethical standards and applicable laws and regulations. The code of conduct for the directors and senior management of the company has been laid down by the board and the same is posted on the website of the company declaration by the CEO/managing director under clause 49 of the listing agreement regarding adherence to the code of conduct

12. 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 prevention of Insider Trading.



CERTIFICATE ON CORPORATE GOVERNANCE

Managing Director's Certification pursuant to SEBI Listing Regulations 2015

I, Mahendra Turakhia, Chairman & 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, 2019 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 volatile 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



Corporate Governance Report 2018-2019

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

Place: Indore
Date: 29th May, 2019

Sd/-
Mahendra A. Turakhia
Managing Director



Corporate Governance Report 2018-2019

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**TO THE MEMBERS OF
PANCHSHEEL ORGANICS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Panchsheel Organics Limited (the Company) for the year ended on March 31, 2019 as stipulated in SEBI Listing Regulations 2015 of the Company with the Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Regulation.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**For Jayesh R. Shah & Co.,
Chartered Accountants**

**Sd/-
Jayesh Shah
Proprietor**

**Place: Mumbai
Date: 29th May, 2019**



CERTIFICATE FROM PRATICING COMPANY SECRETARY REGARDING
COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Shareholders of PANCHSHEEL ORGANICS LIMITED,

We have examined the compliance of conditions of Corporate Governance by Panchsheel Organics Limited for the year ended 31st March 2019, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulation, subject to the following:

The Board of Directors of the Company does have an optimum combination of executive and non-executive directors.

We state that no investor grievance is pending against the Company exceeding one month as per records maintained by the company, which are presented to the Shareholders / Investors Grievance Committee.



Panchsheel Organics Limited

Annual Report 2018-19

Corporate Governance Report 2018-2019

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

For GMS & CO.,

SD/-

Gaurang shah

Practising Company Secretary

Membership No: 32581

Certificate of Practice Number: 11953

Date: 29th May, 2019

Place: Mumbai



Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to Section 135 of the Companies Act, 2013]

Over the years, we have been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover our business, but also that of the communities around us. Our Corporate Social Responsibility (CSR), thus, is not limited to philanthropy, but also includes large initiatives that lead to social development.

REPORTING :-

The period for which CSR is being reported is from 01/04/2018 to 31/03/2019. It does not include any information about associate company. The Company has its own CSR policy.

During the year under review the Company has been carrying out the CSR activities through its own and as per the guidelines laid down in the CSR policy of the Company. The Company has a Board Committee (CSR committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. CSR committee comprises:

Name of the Member	Designation
Shambhunath Chakravarti	chairman
Diwakar Mani Tripathi	Member
Kishor Turakhia Abhaychand	Member

Corporate Social Responsibility spending amounts shown in auditor report 2018-19 along with financial statement.

For Panchsheel Organics Limited

Place: Indore
Date: 29th May, 2019

Sd/-
Mahendra A. Turakhia
Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND OVERVIEW

The pharmaceutical industry is expected to grow at 19% in 2020 & the domestic pharmaceutical market is estimated to touch US \$ 25 billion by 2020. The Indian pharmaceutical industry ranks among the top five countries by volume (production) further, estimated the healthcare market in India to reach US \$31.59 billion by 2020. Low cost of skilled manpower and innovations are some of the main factors supporting this growth. According to the Department of Pharmaceuticals, the Indian pharmaceutical industry employs about 340,000 people and an estimated 400,000 doctors and 300,000 chemists.

Rapidly changing global economic & business conditions and technological innovation are creating an increasingly competitive environment that is driving Companies to transform their operations globally. While the expectations of the customers have increased manifold; we are committed to satisfy the clients with improved quality and accelerated delivery schedules with a focus on developing long terms relationships and strengthening strategic partnerships.

Drugs and pharmaceutical industry plays a vital role in the economic development of a nation. It is one of the largest and most advanced sectors in the world, acting as a source for various drugs, medicines and their intermediates as well as other pharmaceutical formulations. Being the intense knowledge-driven industry, it offers innumerable business opportunities for the investors/ corporates the world over. The existence of well-defined and strong pharmaceutical industry is important for promoting and sustaining research and developmental (R&D) efforts and initiatives in an economy as well as making available the quality medicines to all at affordable prices. That is, it is essential to improve the health status of the individuals as well as the society as a whole, so that positive contributions could be made to the economic growth and regional development of a country.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian drugs and pharmaceutical industry, over the years, has shown tremendous progress in terms of infrastructure development, technology base creation as well as product usage. On the global platform, India holds fourth position in terms of volume and thirteenth position in terms of value of production in pharmaceuticals. The pharmaceutical industry has been producing bulk drugs belonging to all major therapeutic groups requiring complicated manufacturing processes as well as a wide range of pharma machinery and equipments. It has also developed excellent 'good manufacturing practices' (GMP) compliant facilities for the production of different dosage forms. Besides, the amendment to the Patents Act, 1970 [enactment of Patents (Amendment) Act, 2005], has opened up new avenues for the sector.



Panchsheel Organics Limited

Annual Report 2018-19

MANAGEMENT DISCUSSION AND ANALYSIS

The new patent regime has ushered in the era of product patents for the pharmaceutical sector, in line with the obligations under the World Trade Organisation (WTO) and Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. As a result, the Indian pharmaceutical industry has become self-reliant in several areas and has developed a more sound and technologically advanced R&D segment.

The industry offers several opportunities for investments and trade owing to the following advantageous features:-

- Self-reliance displayed by the production of 70 per cent of bulk drugs and almost the entire requirement of formulations within the country;
- Low cost of production of quality bulk drugs and formulations
- Low R&D costs
- Strong scientific, innovative and technical manpower
- Excellent and world-class national laboratories specializing in process development and development of cost effective technologies
- Increasing balance of trade in pharma sector
- Efficient and cost effective source for procuring generic drugs, especially the drugs going off patent in the next few years
- Excellent centre for clinical trials in view of the diversity in population
- Fast growing biotech industry which has great potential in the international market
- Apart from its strengths in manufacturing and exporting allopathic medicines, the systems of medicines like Ayurveda, Unani, Siddha, Yoga, Naturopathy and Homeopathy are also prevalent in the country.

The drugs and pharmaceutical is one of the most diversified of all the industrial sectors. The accumulated knowledge of traditional medicinal system and large bio-diversity of India offers great advantage to the drug industry. The rapidly changing economic, trade and intellectual property scenario, nationally and internationally, poses many challenges to it, including the challenge of becoming leaders and competitors globally. This necessitates a shift in the approach of the industry, that is moving away from manufacturing only known drugs to discovering and commercialising new molecules through innovative process routes. It would mean that the Indian pharma industry has to focus more on R&D, so as to enable India to maintain its status in the world pharma market and move ahead to become a global leader. In other words, the strength of the industry lies in leveraging the country's power in organic synthesis and process engineering as well as developing cost-effective technologies in the shortest possible time for drug intermediates and bulk activities, without compromising on quality.

SMES IN THE PHARMA INDUSTRY



MANAGEMENT DISCUSSION AND ANALYSIS

According to the Confederation of Indian Industries (CII), there are around 8,000 small and medium enterprises (SME) units, accounting for about 70% of the total number of the pharma units in India. Indian SMEs are also opening up for emerging opportunities in the pharmaceutical industry in the field of CRAMS, clinical research etc. These would drive them to play a definitive role in the transitional global pharmaceutical environment, where a sizeable number of drugs are expected to go off patent in the coming years. The Indian government has been making every attempt to support SMEs through several incentives. One such effort is the development of SME clusters in various parts of the country.

INVESTMENT IN THE INDIAN PHARMACEUTICAL INDUSTRY

100% foreign direct investment (FDI) is allowed under automatic route in the drugs and pharmaceuticals sector, including those involving use of recombinant technology. Also, FDI up to 100% is permitted for brownfield investments (i.e. investments in existing companies), in the pharmaceuticals sector, under the Government approval route. The drugs and pharmaceuticals industry attracted foreign direct investment to the tune of US\$ 22.17 BN for the period between April 2018 and January 2019.

FACTORS INFLUENCING GROWTH OF THE INDUSTRY

The Indian pharmaceutical industry ranks 14th in the world by value of pharmaceutical products. With a well-established domestic manufacturing base and low-cost skilled manpower, India is emerging as a global hub for pharma products and the industry continues to be on a growth trajectory. Moreover, India is significantly ahead in providing chemistry services such as analogue preparation, analytical chemistry and structural drug design, which will provide it ample scope in contract research and other emerging segments in the pharmaceutical industry. Some of the major factors that would drive growth in the industry are as follows:

- Increase in domestic demand: More than half of India's population does not have access to advanced medical services, as they usually depend on traditional medicine practices. However, with increase in awareness levels, rising per capita income, change in lifestyle due to urbanisation and increase in literacy levels, demand for advanced medical treatment is expected to rise. Moreover, growth in the middle class population would further influence demand for pharmaceutical products.
- Rise in outsourcing activities: Increase in the outsourcing business to India would also drive growth of the Indian pharmaceutical industry. Some of the factors that are likely to influence clinical data management and bio-statistics markets in India in the near future include: 1) cost efficient research vis-à-vis other countries 2) highly-skilled labour base 3) cheaper cost of skilled labour 4) presence in end-to-end solutions across the drug-development spectrum and 5) robust growth in the IT industry.



- Growth in healthcare financing products: Development in the Indian financial industry has eased healthcare financing with introduction of products such as health insurance policy, life insurance policy and cashless claims. This has resulted in increase in healthcare spending, which in turn, has benefitted the pharmaceutical industry.
- Demand in the generics market: During 2018-2019, prescription drugs worth about US\$ 500 bn are expected to go off patent, mostly from the US. Prior experience of Indian pharmaceutical companies in generic drugs would provide an edge to them.
- Demand from emerging segments: Some of the emerging segments such as contract research and development, biopharma, clinical trials, bio-generics, medical tourism and pharma packaging are also expected to drive growth of the Indian pharmaceutical industry.

Indian pharmaceutical industry: SWOT analysis

The SWOT analysis of the industry reveals the position of the Indian pharmaceutical industry in respect to its internal and external environment.

Strengths

- Low cost of innovation, manufacturing and operations
- Low cost of skilled manpower and proven track record in design of high technology manufacturing devices.

Weaknesses

- Stringent pricing regulations affecting the profitability of pharma companies
- Presence of more unorganised players versus the organised ones, resulting in an increasingly competitive environment, characterised by stiff price competition.

Opportunities

- Opening of the health insurance sector and increase in per capita income - the growth drivers for the pharmaceutical industry
- India, a potentially preferred global outsourcing hub for pharmaceutical products due to low cost of skilled labour.

Domestic Markets



Panchsheel Organics Limited

Annual Report 2018-19

MANAGEMENT DISCUSSION AND ANALYSIS

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

- 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 APIs 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.



Panchsheel Organics Limited

Annual Report 2018-19

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT-WISE PERFORMANCE

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

OUTLOOK

The Indian economy has shown a substantial growth in the year 2018-19 and this will have a positive impact on all the sectors. However, to tap the full potential of this emerging opportunity, the domestic industry needs to improve its cost effectiveness, scale of operations and quality/reliability in order to be able to compete with other global suppliers in the export market.

Commodities prices have maintained their high volatility, making it difficult to take long-term view on prices. The appreciation of rupee against dollar has further been a cause of concern for exporters.

We are committed to deliver quality products on a consistent basis and at competitive prices. Our strategy has been to make optimum utilisation of the resources, raw materials, timely production and delivery schedules, safety of the workforce and finally develop strong customer relationship and thereby backing our prime motto to be a customer driven Company.

Factors that may affect our results of the 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;

Our Results of Operations

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



MANAGEMENT DISCUSSION AND ANALYSIS

PARTICULARS	Year ended March 31 2019 (₹)	Year ended March 31 2018 (₹)
INCOME		
Sales & Income from Operation		
Domestic	47,11,16,000	41,26,19,000
Export	1,12,29,000	1,40,74,000
	48,23,45,000	42,66,93,000
(Increase)/Decrease in Stocks	(10,02,000)	(9,06,000)
Less: Excise Duty	0	28,70,000
Add:-Other Income	27,87,000	7,23,000
Other Operating Income	93,000	1,46,35,000
TOTAL	48,42,23,000	42,93,80,000
EXPENDITURE		
Operating Expenditure	36,79,56,000	31,27,66,000
Administrative And Other Expenditure	4,60,79,000	4,32,24,000
Finance Charges	38,74,000	53,73,000
Depreciation for the Year	1,16,46,000	1,22,21,000
TOTAL		
Profit Before Tax	565,80,000	518,68,000
Less: Current Tax	(1,82,64,000)	(1,70,61,000)
Deferred Tax	20,53,000	19,30,000
Profit After Tax	4,03,69,000	3,67,37,000

(1) Total Income

Our revenue has decreased from ₹ 42,66,93,000 to ₹48,23,45,000 as compared to previous year i.e. 2017-18. Sales in export market have decreased and increased in domestic market

(2) Operating Expenditure

The operating expenditure has increased from ₹31,27,66,000 to 36,79,56,000' as compared to previous financial year.

(3) Administrative and other expenses



MANAGEMENT DISCUSSION AND ANALYSIS

The administrative expenses have increased from ₹4,32,24,000 to ₹4,60,79,000 as compared to previous financial year.

(4) Depreciation

The Depreciation cost has decreased from ₹1,22,21,000 to ₹1,16,46,000 in Financial Year 2018-2019

(5) Net Profit

Net profit for the financial year 2018-19 is ₹32,090,246.21

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 labour 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.

INTERNAL CONTROL



Panchsheel Organics Limited

Annual Report 2018-19

MANAGEMENT DISCUSSION AND ANALYSIS

The Company's internal control procedures are tailored to match the organization's pace of growth and increasing complexity of operations. This ensures compliance to various policies, practices and statutes.

We have an adequate system of Internal Control which enables reliable financial reporting, safeguard of assets and encourages adherence to management policies.

The Company has a system for speedy compilation of accounts and management information reports to comply with applicable laws and regulations.

We have a reasonable budgetary control system so that the management can monthly review actual performance against the budget. A well defined organization structure is in place with authority level, internal rules and guidelines for conducting business transactions.

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 Detailed Discussion, refer Note No. N(II other explanatory notes and information) in Notes to Accounts.

Human Resource and Industrial Relations

Industrial relations of the company were cordial during the year and continue to remain peaceful at the factory & office at Indore and the corporate office at Mumbai and all the employees are working with the company for a common objective.

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 labour relations.

DECLARATION OF INDEPENDENCE

To,
The Board of Directors,
PANCHSHEEL ORGANICS LIMITED
Mumbai.

Subject: Declaration of independence under sub-section (6) of section 149 of the Companies Act, 2013 and the Regulation 16 of SEBI(LODR), Regulation, 2015

I, Mr. DIWAKAR MANI TRIPATHI (DIN: 06912629), hereby certify that I am a Non-Executive Independent Director of **PANCHSHEEL ORGANICS LIMITED**, Indore and I comply with all the criteria of independent director as envisaged in the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an independent director in the Company;
2. I am/was not a promoter of the company or its holding, subsidiary or associate company;
3. I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
4. Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
5. Not any of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
6. Neither me nor any of my relatives:
 - holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - holds together with my relatives 2% or more of the total voting power of the company; or
 - Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
7. I am not a material supplier, service provider or customer or a lessor or lessee of the company;
 8. I am not less than 21 years of age.

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 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)
Non-Executive and Independent Director
Date:29.05.2019

DECLARATION OF INDEPENDENCE

To,
The Board of Directors,
PANCHSHEEL ORGANICS LIMITED
Mumbai.

Subject: Declaration of independence under sub-section (6) of section 149 of the Companies Act, 2013 and the Regulation 16 of SEBI(LODR), Regulation, 2015

I, Mr. SHAMBHUNATH CHAKRAVARTI (DIN: 06924557), hereby certify that I am a Non-Executive Independent Director of **PANCHSHEEL ORGANICS LIMITED**, Indore and I comply with all the criteria of independent director as envisaged in the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an independent director in the Company;
2. I am/was not a promoter of the company or its holding, subsidiary or associate company;
3. I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
4. Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
5. Not any of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
6. Neither me nor any of my relatives:
 - a. holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - b. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - c. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- d. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - e. holds together with my relatives 2% or more of the total voting power of the company; or
 - f. Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
7. I am not a material supplier, service provider or customer or a lessor or lessee of the company;
8. I am not less than 21 years of age.

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 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)

Non-Executive and Independent Director

Date:29.05.2019

DECLARATION OF INDEPENDENCE

To,
The Board of Directors,
PANCHSHEEL ORGANICS LIMITED
Mumbai.

Subject: Declaration of independence under sub-section (6) of section 149 of the Companies Act, 2013 and the Regulation 16 of SEBI(LODR), Regulation, 2015

I, Mrs. DARSHANA VISHAL SHAH (DIN: 07360922), hereby certify that I am a Non-Executive Independent Director of **PANCHSHEEL ORGANICS LIMITED**, Indore and I comply with all the criteria of independent director as envisaged in the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013.

I certify that:

1. I possess relevant expertise and experience to be an independent director in the Company;
2. I am/was not a promoter of the company or its holding, subsidiary or associate company;
3. I am not related to promoters / directors / persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
4. Apart from receiving director sitting fees / remuneration, I have/had no pecuniary relationship / transactions with the company, its promoters, its directors, its senior management or its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
5. Not any of my relatives has or had any pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or 50 Lacs or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
6. Neither me nor any of my relatives:
 - holds or has held the position of a key managerial personnel or is or has been employee/executive of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year of;
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to 10% or more of the gross turnover of such firm;
 - holds together with my relatives 2% or more of the total voting power of the company; or
 - Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company; or
7. I am not a material supplier, service provider or customer or a lessor or lessee of the company;
8. I am not less than 21 years of age.

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 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/-
Mrs. DARSHANA VISHAL SHAH
(DIN: 07360922)
Non-Executive and Independent Director
Date:29.05.2019



Panchsheel Organics Limited

PANCHSHEEL ORGANICS LIMITED

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

CIN No. L24232MP1989PLC005390

ATTENDANCE SLIP

I/We hereby record my/our presence at the Annual General Meeting of the Company to be held on Monday, the 30th day of Sep, 2019 at 11.00 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015

DPID * :	Folio No. :
Client Id * :	No. of Shares :

*** Applicable for investors holding shares in electronic**

Name and Address of the Shareholder (s)

If Shareholder (s), Please sign here

If Proxy, please mention name and sign here

Signature _____

Name & Signature _____

Note:

1. Please fill this attendance slip and hand it over at the entrance of the hall.
2. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
3. Electronic copy of the Annual Report for 2019 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical copy of the Annual Report for 2019 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.



Panchsheel Organics Limited

PANCHSHEEL ORGANICS LIMITED

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

CIN No. L24232MP1989PLC005390

PROXY FORM

(Pursuant to section 105(6) of the companies act 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014)

Name of the member (s):	E-mail Id:
	No. of shares held
Registered address:	Folio No.
	DP ID*
	Client ID*

*** Applicable for investors holding shares in electronic form.**

I/We of being a Member/Members of **Panchsheel Organics Limited** hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Monday, the 30th day of Sep, 2019 at 11.00 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015, and any adjournment thereof.

Dated this _____ day of _____ 2019

Signature _____

Affix
revenue
stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
5. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 30th Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.

INDEPENDENT AUDITOR'S 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 2019, 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, 2019, 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.Management's Responsibility for the Standalone Financial Statements

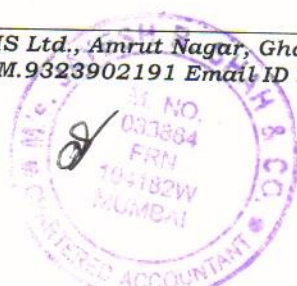
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and 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.

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

5.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.

6. Other Matter

The Company is required to appoint 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 I of Companies (Auditor's Report) Order, 2016 ("the Order"), are still under preparation.

7. 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.

8. 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, 2019 taken on record by the Board of Directors, one of the director Mr. Rajesh Turakhia is disqualified from being re appointed a director in terms of section 164(2)(a) of the Companies Act, 2013 as on 31st March, 2019.
- (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:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - 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

Jayesh Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 29th May, 2019



Annexure-A to the Independent Auditors Report.

Referred to in paragraph 8(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, 2019

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, 2019 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 I 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



Annexure-A to the Independent Auditors Report. (Contd.)

Referred to in paragraph 8(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, 2019

7. 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.

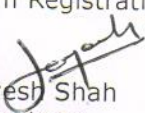
Inherent Limitations of Internal Financial Controls Over Financial Reporting

8. 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

9. 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, 2019, 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


Jayesh Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 29th May, 2019

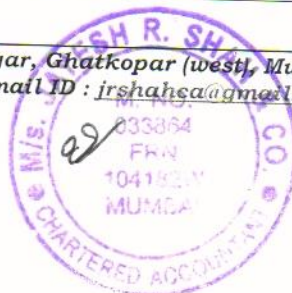


Annexure-B to the Independent Auditors Report.

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, 2019

- 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.
(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 immoveable 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.
- 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 3^{1st} March, 2019 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 Statute	Nature of Dues	Amt Due	Period to which the amt. relates	Forum where dispute is pending
1	Income Tax Act, 1961	80HHC/80IA/MAT	547684/-	FY 1998-99	The Income Tax Appellate Tribunal, Indore.
2	Income Tax Act, 1961	80HHC/80IA/MAT	903802/-	FY 1999-2000	The Income Tax Appellate Tribunal, Indore.
3	Income Tax Act, 1961	80HHC/80IA/MAT	752589/-	FY 2000-2001	The Income Tax Appellate Tribunal, Indore.

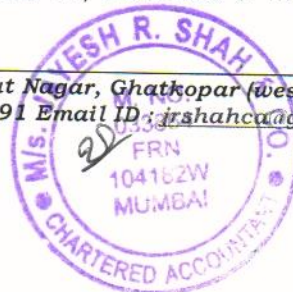


4	Central Sales Tax & VAT	Sales Tax Interest & Penalty	452310/-	FY 2005-06	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	1272938/-	FY 2006-07	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	591208/-	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	276114/-	FY 2008-09	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	1485294/-	FY 2009-10	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	1005405/-	FY 2010-11	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	2471397/-	FY 2011-12	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	4073526/-	FY 2012-13	The Hon'ble Registrat, MP Commercial Tax Appellate Board, Bhopal (MP)
	Central Sales Tax & VAT	Sales Tax Interest & Penalty	2078550/-	FY 2013-14	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
	Income tax Act, 1961	TDS, Interest, penalty	318000/-	A Y 2017-18	The Commissioner of Income Tax.

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



Jayesh R. Shah
B.Com, FCA

JAYESH R. SHAH & CO.
Chartered Accountants

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) is 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) is 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) is not applicable to the Company.

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

Jayesh Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 29th May, 2019



PANCHSHEEL ORGANICS LIMITED

Regd. Office : B-6-B7, SECTOR C, SANWER ROAD, INDS. ESTATE, INDORE, M.P. 452015
CIN NO : L24232MP1989PLC005390, Website: www.panchsheelorganics.com

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

Particulars	Quarter ended	Quarter ended	Quarter ended	For the year ended	For the year ended
	31/03/2019	31/12/2018	31/03/2018	31/03/2019	31/03/2018
	(Audited) (Refer Note)	(Unaudited)		(Audited)	(Audited)
Total income from operations (net)	1,011.08	928.98	1,284.15	4,851.33	4,274.16
Net Profit / (Loss) for the period	75.49	98.84	99.74	403.69	367.37
Total Comprehensive Income for the period Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)	78.49	99.08	105.60	411.60	373.93
Equity Share Capital	501.54	501.54	501.54	501.54	501.54
Reserves (excluding Revaluation Reserve as shown in the Balance Sheet of previous year)	-	-	-	2,547.11	2,195.88
Earnings Per share (of Rs.10/- each) (not annualised)					
Basic:	1.57	1.98	2.11	8.05	7.32
Diluted:	1.57	1.98	2.11	8.05	7.32

Note: The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.

The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Annual Financial Results are available on the Stock Exchange websites at www.bseindia.com or at company website at www.panchsheelorganics.com

By order of the Board
For Panchsheel Organics Limited

Mahendra Turakhia
Chairman & Managing Director
DIN: 00006222

Place: Mumbai
Date: May 29, 2019

- 1 The financial results for the quarter ended March 31, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 29, 2019.
- 2 The above financial results are prepared in compliance with Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], as amended.
- 3 Effective from April 1, 2018, the company has adopted Ind AS 115 "Revenue from contract with Customers". The adoption of the standard did not have material impact on the financial results of the Company.
- 4 The Company operates in one business segment viz. viz. Manufacturing and Trading of Bulk Drug and Intermediate. Therefore, segment information is not required to be furnished.
- 5 The figures for the last quarter are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
- 6 Figures for the corresponding previous periods have been regrouped/ rearranged, wherever necessary, to conform to the classification of the current period.

For Panchsheel Organics Limited



Mahendra Turakhia
Chairman & Managing Director
DIN: 00006222

Place: Mumbai
Date: May 29, 2019

PANCHSHEEL ORGANICS LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

(Rs. in lakhs)

	Note	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	687.23	704.54
Capital work-in-progress	4	164.14	163.94
Financial assets			
i. Non current investments	5	0.06	0.06
ii. Loans	6	17.49	17.17
iii. Other financial assets	7	69.69	90.48
Deferred tax assets (net)	8	39.55	22.07
Other non-current assets	9	-	6.01
Total Non-Current Assets		978.16	1,004.27
Current assets			
Inventories	10	1,451.82	1,373.49
Financial assets			
i. Trade receivables	11	1,808.16	1,966.97
ii. Cash and cash equivalents	12	60.19	37.35
iii. Loans	13	13.45	2.74
Other current assets	14	103.47	62.68
Total Current Assets		3,437.09	3,443.23
Total Assets		4,415.25	4,447.50
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	501.54	501.54
Other equity		2,547.11	2,195.88
Total Equity		3,048.65	2,697.42
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	16	6.75	56.21
ii. Trade payables		-	-
Deferred tax liabilities (net)		-	-
Government grants	17	-	-
Employee benefit obligations	18	21.53	19.47
Total Non-Current Liabilities		28.28	75.68
Current liabilities			
Financial liabilities			
i. Borrowings	19	445.64	461.64
ii. Trade payables	20	644.47	918.31
iii. Other financial liabilities	21	72.41	90.84
Income tax liabilities (Net)	22	36.03	44.15
Government grants	17	-	-
Employee benefit obligations	23	131.55	123.69
Other current liabilities	24	8.22	35.77
Total Current Liabilities		1,338.32	1,674.40
Total Equity & Liabilities		4,415.25	4,447.50

The notes are an integral part of these financial statements

In terms of our report of even date

For Panchsheel Organics Limited

For Jayesh R Shah & Co

Chartered Accountants

Firm Registration No. : 104182W

Jayesh Shah
Proprietor
Membership No.: 033864



Place: Mumbai
Date: May 29, 2019

Mahendra Turakhia
Chairman &
Managing Director
DIN: 00006222

Navin Mehta
Company Secretary

Place: Mumbai
Date: May 29, 2019

Kishore Turakhia
Director
DIN: 00006236

Rajesh Turakhia
Chief Financial Officer

PANCHSHEEL ORGANICS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations	26	4,823.46	4,266.93
Other income	27	27.87	7.23
Total Income		4,851.33	4,274.16
Expenses			
Cost of materials consumed	28	3,155.40	2,402.06
Purchase of stock in trade		79.26	316.41
Changes in inventories of finished goods and work-in-progress	29	(10.02)	(9.06)
Excise duty		-	28.70
Employees benefit expenses	30	444.90	409.19
Finance costs	31	38.74	53.73
Depreciation and amortisation expenses	32	116.46	122.21
Power and fuel		92.85	77.80
Other expenses	33	367.94	354.44
Total Expenses		4,285.53	3,755.48
Profit before tax		565.80	518.68
Income tax expense			
Current tax	22A	182.64	170.61
Deferred tax	8B	(20.53)	(19.30)
Total tax expenses		162.11	151.31
Profit for the year		403.69	367.37
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		10.96	9.06
Income tax relating to above	8B	(3.05)	(2.50)
Other comprehensive income for the year, net of tax		7.91	6.56
Total comprehensive income for the year		411.60	373.93
Earnings per equity share (in Rs.)	39		
(Nominal value per share Rs.10)			
Basic earning per share (In Rs.)		8.05	7.32
Diluted earning per share (In Rs.)		8.05	7.32
The notes are an integral part of these financial statements			

In terms of our report of even date

For Panchsheel Organics Limited

For Jayesh R Shah & Co

Chartered Accountants

Firm Registration No. : 104182W

Jayesh Shah
Proprietor
Membership No.: 03386



Place: Mumbai
Date: May 29, 2019

Mahendra Turakhia
Chairman &
Managing Director
DIN: 00006222

Navin Mehta
Company Secretary

Place: Mumbai
Date: May 29, 2019

Kishore Turakhia
Director
DIN: 00006236

Rajesh Turakhia
Chief Financial Officer

PANCHSHEEL ORGANICS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

	Year ended March 31,2019	Year ended March 31,2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	565.80	518.68
Adjustments for:		
Depreciation and amortisation	116.46	122.21
Interest income	(4.15)	(3.99)
Interest and finance charges	38.74	53.73
Loss on sale of Property, Plant and Equipments	0.06	-
Operating profit before working capital changes	716.91	690.63
Adjustments for:		
Increase / (Decrease) in trade payables	(273.84)	354.34
Increase / (Decrease) in other financial liabilities	(31.91)	11.18
Increase / (Decrease) in employee benefit obligation	20.88	11.08
Increase / (Decrease) in other current liabilities	(27.55)	29.07
(Increase) / Decrease in trade receivables	158.81	(462.17)
(Increase) / Decrease in inventories	(78.34)	(116.47)
(Increase) / Decrease in loans	(10.72)	7.52
(Increase) / Decrease in other current assets	(40.79)	(0.34)
(Increase) / Decrease in non current loans	6.01	-
(Increase) / Decrease in other non-current assets	(0.31)	20.03
Cash generated from operations	439.15	544.87
Taxes paid (net of refunds)	(190.76)	(237.22)
Net cash generated from operating activities	248.39	307.65
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible/intangible assets	(99.88)	(79.74)
Sale proceeds of property plant and equipments	0.47	
Interest received	4.15	3.99
Movement in term deposit with bank (net)	20.78	(37.57)
Net cash (used in) investing activities	(74.48)	(113.32)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings (non current)	(49.44)	(42.82)
Repayment of borrowings (current)	(16.00)	(61.01)
Interest paid	(38.74)	(53.73)
Dividend paid (Incl. Dividend Distribution Tax)	(46.89)	(39.98)
Net cash (used in) financing activities	(151.07)	(197.54)
Net increase in cash and cash equivalents (A+B+C)	22.84	(3.21)
Cash and cash equivalents at the beginning of the year	37.35	40.56
Cash and cash equivalents at the end of the year	60.19	37.35
Cash and cash equivalents comprise:		
Cash on hand	7.59	4.06
Balances with banks	52.60	33.29
Demand deposits (less than 3 months maturity)	-	-
Total	60.19	37.35

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

Jayesh
Jayesh Shah

Proprietor
Membership No.: 033864



Place: Mumbai
Date: May 29, 2019

For Panchsheel Organics Limited

Mahendra
Mahendra Turakhia
Chairman &
Managing Director
DIN: 00006222

Navin
Navin Mehta
Company Secretary

Place: Mumbai
Date: May 29, 2019

Kishore
Kishore Turakhia
Director
DIN: 00006236

Rajesh
Rajesh Turakhia
Chief Financial Officer

PANCHSHEEL ORGANICS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A Equity Share Capital

Particulars	Note	Rs. in lakhs
As at April 1, 2017	15	501.54
Changes in equity share capital		-
As at March 31, 2018		501.54
Changes in equity share capital		-
As at March 31, 2019		501.54

B Other Equity

Particulars	Note	Reserves and Surplus			Total Other Equity
		Securities Premium Account	General Reserves	Retained Earnings	
As at April 1, 2017		30.00	140.60	1,711.71	1,882.31
Profit for the year		-	-	367.37	367.37
Other comprehensive income		-	-	6.56	6.56
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	293.57	313.57
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

Directors of the Company propose 10% dividend amounting to Rs. 60.36 Lakh (Incl. tax on dividend) as at March 31, 2019.
(Rs. 60.36 Lakh as at March 31, 2018)

In terms of our report of even date

For Jayesh R Shah & Co

Chartered Accountants

Firm Registration No. : 104182W

Jayesh Shah
Proprietor
Membership No.: 03386



For Panchsheel Organics Limited

Mahendra Turakhia
Chairman &
Managing Director
DIN: 00006222

Navin Mehta
Company Secretary

Kishore Turakhia

Director
DIN: 00006236

Rajesh Turakhia
Chief Financial Officer

Place: Mumbai
Date: May 29, 2019

Place: Mumbai
Date: May 29, 2019

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, Indor, 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 realisation 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**

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 recognised 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

(i) The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a) Sale of Goods

Revenue is recognised 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 recognised 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 recognised 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 amortised 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 capitalised 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 takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.06 Leasing - As a lessee

Leases of property, plant and equipment where the company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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 recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. 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 recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is determined at the year end by independent actuary using the projected unit credit method.

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 recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity. 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 recognised as employee benefit expense when they are due.

c) Bonus plans

The Company recognise a liability and an expense for bonuses. The Company recognise 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 recognised in the Statement of Profit and Loss except to the extent it relates to items recognised in 'Other comprehensive income' or directly in equity, in which case it is recognised 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.

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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised 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 utilised.

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 recognised 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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 Equipments	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 recognised 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.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable 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 labour, 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 realisable 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 amortised 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.

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:

Amortised 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 amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in statement of profit or loss when the asset is derecognised 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 recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised 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 amortised 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 recognised 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 derecognised 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.

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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

v) Trade Receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised 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 recognised 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 amortised 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 derecognised 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 recognised in the statement of profit or loss.

iv) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised 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 recognised 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 recognised initially at their fair value and subsequently measured at amortised 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.15 Provisions and contingent liabilities**Provision**

Provisions are recognised 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 recognised 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 recognised 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.

2.16 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 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.

2.18 Recent Accounting Pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lessee accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019. The Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application.

The Company is in the process of evaluating the impact of Ind AS 116.

Recent Accounting Pronouncements (Contd.)

The following are other amendments to Ind AS:

Amendments to standards / interpretations	Impact
Amendment to Ind AS 12 - Income Taxes (amendments relating to income tax consequences of dividend in profit or loss, other comprehensive income or equity and Ind AS Appendix C, Uncertainty over Income tax treatments)	No material impact expected
Amendment to Ind AS 19 – Employee Benefits (amendment relating to Plan Amendment, Curtailment or Settlements and its impact on future service cost and interest cost)	No impact
Amendment to Ind AS 23 - Borrowing Costs (Amendment relating to inclusion of specific borrowing in general borrowing while computing capitalisation rate)	No impact
Amendment to Ind AS 28 – Investments in Associate and Joint ventures (amendment clarifying that Long-term Interests in Associates and Joint Ventures to which equity method is not applied will be cover under Ind AS 109)	No impact
Ind AS 103 - Business Combinations and Ind AS 111 - Joint arrangements (amendment relating to re-measurement of previously held interest in the joint control arrangement when control is obtained)	No impact
Amendment to Ind AS 109 – Financial Instruments (amendment relation to Prepayment Features with Negative Compensation)	No impact

2.19 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 recognising 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).

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 30A.

PANCHSHEEL ORGANICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

3 PROPERTY, PLANT AND EQUIPMENT

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount As at March 31, 2019
		Opening as at April 01, 2018	Additions	Disposals	Closing as at March 31, 2019	Opening as at April 01, 2018	For the Year	
	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	13.54	-	139.10
4	Plant and Equipment	692.29	81.87	0.76	773.41	84.83	0.22	476.14
5	Laboratory / Testing	42.32	5.02	-	47.34	7.65	-	22.64
6	Furniture and Fixtures	14.78	1.04	-	15.82	2.48	-	8.45
7	Office Equipments	1.61	0.90	-	2.51	0.56	-	1.63
8	Vehicles	31.62	-	-	31.62	6.40	-	14.10
9	Computers	3.00	0.58	-	3.58	1.00	-	0.69
	TOTAL	975.63	99.68	0.76	1,074.55	116.46	0.22	687.23

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount As at March 31, 2018
		Opening as at April 01, 2017	Additions	Disposals	Closing as at March 31, 2018	Opening as at April 01, 2017	For the Year	
	Own Assets							
1	Land Leasehold	0.54	-	-	0.54	-	-	0.54
2	Land Freehold	25.78	-	-	25.78	-	-	25.78
3	Building	155.85	7.83	-	163.69	14.13	-	142.37
4	Plant and Equipment	636.88	55.41	-	692.29	113.22	-	479.63
5	Laboratory / Testing	39.25	3.07	-	42.32	8.40	-	25.27
6	Furniture and Fixtures	13.43	1.35	-	14.78	2.64	-	8.80
7	Office Equipments	1.61	-	-	1.61	0.44	-	0.54
8	Vehicles	20.22	11.40	-	31.62	4.83	-	20.50
9	Computers	2.33	0.68	-	3.00	1.06	-	1.11
	TOTAL	895.89	79.74	-	975.63	144.72	-	704.54

4 CAPITAL WORKING PROGRESS

Particulars	Factory/Building	Plant & Machinery	Total
Carrying amount as on April 1, 2017	67.04	96.90	163.94
Additions	-	-	-
Carrying amount as on March 31, 2018	67.04	96.90	163.94
Additions	-	0.20	0.20
Carrying amount as on March 31, 2019	67.04	97.10	164.14

PANCHSHEEL ORGANICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

5 INVESTMENTS (NON-CURRENT)		(Rs. in lakhs)	
		As at March 31, 2019	As at March 31, 2018
Investments in equity Instruments (fully paid up)			
<u>Unquoted</u>			
10 Shares in Gujrat 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	-	-

6 LOANS (NON-CURRENT)		(Rs. in lakhs)	
		As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)			
Security deposits		17.49	17.17
Other Advances		-	-
TOTAL		17.49	17.17

7 OTHER NON-CURRENT FINANCIAL ASSETS		(Rs. in lakhs)	
		As at March 31, 2019	As at March 31, 2018
Deposit with bank with maturity period of more than 12 months			
- In fixed deposit accounts		-	0.25
- In margin money deposit accounts		69.69	90.23
TOTAL		69.69	90.48

8 DEFERRED TAX ASSETS (NET)		(Rs. in lakhs)	
		As at March 31, 2019	As at March 31, 2018
Deferred tax assets (Net)		39.55	22.07
TOTAL		39.55	22.07
The balance comprises temporary differences attributable to:			
Deferred Tax Liability			
Depreciation		9.19	22.36
Borrowing Cost		0.05	0.13
Less : Deferred Tax Assets			
Provision for gratuity		42.59	39.44
Provision for bonus		6.21	5.11
Net Deferred Tax Asset (Refer note below)		39.55	22.07

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, 2017	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	(Charged)/ Credited to Equity	As at March 31, 2018
Deferred Tax Liability					
Depreciation	37.59	(15.24)	-	-	22.36
Borrowing Cost	0.81	(0.68)	-	-	0.13
Total Deferred Tax Liability	38.40	(15.91)	-	-	22.49
Less : Deferred Tax Assets					
Provision for gratuity	43.67	(1.73)	(2.50)	-	39.44
Provision for bonus	-	5.11	-	-	5.11
Total Deferred Tax Assets	43.67	3.39	(2.50)	-	44.56
Net Deferred Tax Assets	5.27	19.30	(2.50)	-	22.07

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

8B	MOVEMENT IN DEFERRED TAX ASSETS/LIABILITIES	As at March 31, 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

(Rs. in lakhs)

9	OTHER NON CURRENT ASSETS	As at March 31, 2019	As at March 31, 2018
	Capital Advances		
	Deposits with government authorities towards matters in litigation	-	6.01
	Other Advances	-	-
	TOTAL	-	6.01

(Rs. in lakhs)

10	INVENTORIES	As at March 31, 2019	As at March 31, 2018
	Raw materials	899.26	830.95
	Work in progress	91.14	132.52
	Finished Goods	419.64	405.00
	Traded Stock	41.78	5.02
	TOTAL	1,451.82	1,373.49

(Rs. in lakhs)

11	TRADE RECEIVABLES	As at March 31, 2019	As at March 31, 2018
	Unsecured - considered good		
	Trade receivables	1,792.45	1,921.22
	Receivables from related parties	15.71	45.75
	SUB- TOTAL	1,808.16	1,966.97
	Less: Allowance for doubtful debts	-	-
	TOTAL	1,808.16	1,966.97

(Rs. in lakhs)

12	CASH AND CASH EQUIVALENTS	As at March 31, 2019	As at March 31, 2018
	Cash and Cash equivalents:		
	Cash on hand	7.59	4.06
	Bank Balances :		
	- In Current accounts (Refer note below)	52.60	33.29
	- In Margin Money deposit maturing within 3 month	-	-
	TOTAL	60.19	37.35

Note:

It includes restricted cash amounting to Rs.13.48 Lakhs (March 31, 2018 : Rs. 10.17 Lakhs) towards unclaimed dividend

(Rs. in lakhs)

13	LOANS (CURRENT)	As at March 31, 2019	As at March 31, 2018
	(Unsecured, considered good)		
	Loan to employees	13.45	2.74
	TOTAL	13.45	2.74

(Rs. in lakhs)

14	OTHER CURRENT ASSETS	As at March 31, 2019	As at March 31, 2018
	(Unsecured, considered good unless otherwise stated)		
	Deposits with government authorities towards matters in litigation	99.24	58.32
	Pre-paid expense	4.23	4.36
	TOTAL	103.47	62.68

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

15 SHARE CAPITAL		As at March 31, 2019	As at March 31, 2018
Authorised			
6,000,000 (March 31, 2018 : 6,000,000) equity shares of Rs. 10/- each		600.00	600.00
		600.00	600.00
Issued			
5,015,400 (March 31, 2018 : 5,015,400) equity shares of Rs. 10/- each		501.54	501.54
Subscribed and paid-up			
5,015,400 (March 31, 2018 : 5,015,400) equity shares of Rs. 10/- each		501.54	501.54
TOTAL		501.54	501.54

a) Reconciliation of the number of shares : Equity Shares

Particulars	As at March 31, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	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, 2019.

(Rs. in lakhs)

16 BORROWINGS - NON-CURRENT		As at March 31, 2019	As at March 31, 2018
Secured:			
Term Loan:			
From Madhya Pradesh Financial Corporation (Refer note below)		3.93	26.66
Less: Current maturities of long term debt		3.93	18.00
(Repayable in 20 quarterly equal installment of Rs. 4.5 Lakh each starting from Oct 2014. Rate of interest is 15.25% p.a.)		-	8.66
From Madhya Pradesh Financial Corporation (Refer note below)		34.13	72.45
Less: Current maturities of long term debt		30.00	30.00
(Repayable in 20 quarterly equal installment of Rs. 7.5 Lakh each starting from Oct 2015. Rate of interest is 15.25% p.a.)		4.13	42.45
Vehicle Loan:			
From Banks		5.31	7.79
Less: Current maturities of long term debt		2.69	2.69
(Repayable in 36 monthly equal installments)		2.62	5.10
TOTAL		6.75	56.21

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

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, 2019	As at March 31, 2018
Opening Balance		-	22.51
Grants during the year		-	-
Less: Released to profit and loss account		-	(22.51)
Closing Balance		-	-

		(Rs. in lakhs)	
17A		As at March 31, 2019	As at March 31, 2018
Current portion			-
Non-current portion			-

		(Rs. in lakhs)	
18 EMPLOYEE BENEFIT OBLIGATIONS - NON-CURRENT		As at March 31, 2019	As at March 31, 2018
Provision for employee benefits (Refer note no. 30A):			
Provision for gratuity		21.53	19.47
TOTAL		21.53	19.47

		(Rs. in lakhs)	
19 BORROWINGS - CURRENT		As at March 31, 2019	As at March 31, 2018
Secured:			
Working Capital loan from Bank (Refer note below)		445.64	461.64
TOTAL		445.64	461.64

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, 2019	As at March 31, 2018
a) total outstanding dues of micro enterprises and small enterprises (Refer note below)		0	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises and dues to related parties		636.42	917.87
c) total outstanding dues to related parties		8.05	0.44
TOTAL		644.47	918.31

Note:

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

		(Rs. in lakhs)	
21 OTHER CURRENT FINANCIAL LIABILITIES		As at March 31, 2019	As at March 31, 2018
Current maturities of long term debt		36.62	50.69
Salaries payable		-	1.21
Provision for Bonus		22.31	18.56
Dividend distribution tax		-	10.21
Unclaimed dividend		13.48	10.17
TOTAL		72.41	90.84

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

22	INCOME TAX LIABILITIES (CURRENT)	As at March 31, 2019	As at March 31, 2018
	Provision for Income tax (Net of advance tax and Tax deducted at Source of Rs. 146.61 Lakhs, March 31, 2018: 265.53 lakhs)	36.03	44.15
	TOTAL	36.03	44.15
	Movement in provision for income tax		
	Opening balance	44.15	110.76
	Less: Current tax payable for the year	182.64	170.61
	Add: Taxes Paid / (Refunded)	(190.76)	(237.22)
	Closing balance	36.03	44.15

22A	TAX EXPENSE	Year ended March 31, 2019	Year ended March 31, 2018
	Current Tax :		
	Current Tax on Profits for the Year	182.64	170.61
	Total Current Tax Expense	182.64	170.61
	Deferred Tax :		
	Decrease/(Increase) in Deferred Tax Assets	(7.28)	(3.39)
	(Decrease)/increase in Deferred Tax Liabilities	(13.25)	(15.91)
	Total Deferred Tax Expense/(Benefit)	(20.53)	(19.30)
	Income Tax Expense	162.11	151.31
	Reconciliation of tax expense and accounting profit multiplied by statutory tax rate		
	Profit for the year	565.80	518.68
	Rate of tax	27.82%	27.55%
	Tax Expense at Applicable Tax Rate	157.41	142.91
	Tax Rate Difference	1.38	1.01
	CSR Expenses	1.43	1.35
	Interest on delayed payment of TDS and advance tax	0.96	2.94
	Others	0.93	3.10
	Income Tax Expense	162.11	151.31

(Rs. in lakhs)

23	EMPLOYEE BENEFIT OBLIGATIONS - CURRENT	As at March 31, 2019	As at March 31, 2018
	Provision for employee benefits		
	Provision for gratuity	131.55	123.69
	TOTAL	131.55	123.69

(Rs. in lakhs)

24	OTHER CURRENT LIABILITIES	As at March 31, 2019	As at March 31, 2018
	Advances from customers	-	-
	Statutory dues (including provident fund and tax deducted at source)	8.22	35.77
	Others	-	-
	TOTAL	8.22	35.77

(Rs. in lakhs)

25	CONTINGENT LIABILITIES	As at March 31, 2019	As at March 31, 2018
	Claim against the Company not acknowledged as debts		
	a) Demand contested by the Company		
	- Sales tax	95.72	95.72
	- Excise duty	4.71	4.71
	- Income tax (Incl. TDS)	17.21	14.03
	b) Letter of Credit		
	- Domestic letter of credit	-	7.30
	- Buyers credit	39.29	87.27
	- Documents at site	-	-

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

26	REVENUE FROM OPERATIONS	Year ended March 31,2019	Year ended March 31,2018
	Sale of Product (Including excise duty)		
	Finished Goods		
	- Bulk Drug & Intermediate	4,214.55	3,837.12
	Stock in trade		
	- Bulk Drug & Intermediate	63.16	169.84
	- Formulations	544.82	113.62
	Total sale of products	4,822.53	4,120.58
	Other operating revenue		
	- D.E.P.B. Licence	-	145.90
	- Others	0.93	0.45
	Total other operating income	0.93	146.35
	TOTAL	4,823.46	4,266.93

(Rs. in lakhs)

27	OTHER INCOME	Year ended March 31,2019	Year ended March 31,2018
	Interest Income from financial assets at amortised cost	4.15	3.99
	Wind Mill	7.76	1.81
	Other Income	15.96	-
	Commission Received	-	1.43
	TOTAL	27.87	7.23

(Rs. in lakhs)

28	COST OF MATERIAL CONSUMED	Year ended March 31,2019	Year ended March 31,2018
	Raw material consumed		
	Opening inventory	830.95	723.54
	Add: Purchases	3,210.49	2,496.31
	Less: Closing inventory	899.26	830.95
	Cost of raw material consumed during the year	3,142.19	2,388.90
	Packing material consumed		
	Opening inventory	-	-
	Add: Purchases	13.21	13.16
	Less: Closing inventory	-	-
	Cost of packing material consumed during the year	13.21	13.16
	TOTAL	3,155.40	2,402.06

(Rs. in lakhs)

29	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	Year ended March 31,2019	Year ended March 31,2018
	(Increase) / Decrease in stocks		
	Stock at the end of the year		
	Finished goods	419.64	405.00
	Work in progress	91.14	132.52
	Stock in trade	41.78	5.02
	TOTAL A	552.56	542.53
	Less: Stock at the beginning of the year		
	Finished goods	405.00	440.94
	Work in progress	132.52	77.19
	Stock in trade	5.02	15.34
	TOTAL B	542.54	533.47
	(Increase) / Decrease in stocks (B-A)	(10.02)	(9.06)

(Rs. in lakhs)

30	EMPLOYEE BENEFITS EXPENSES	Year ended March 31,2019	Year ended March 31,2018
	Salaries, wages and bonus	392.20	364.27
	Contribution to provident and other funds:		
	Provident fund [Refer note no. 30A(i)]	12.80	10.16
	Gratuity [Refer note no. 30A(ii)]	21.70	20.14
	ESIC	5.70	4.30
	Staff welfare expenses	12.50	10.32
	TOTAL	444.90	409.19

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

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.

Amount recognised in Statement of Profit and Loss	(Rs. in lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Provident fund	12.80	10.16

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:

Particulars	(Rs. in lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Current Service Cost	11.00	10.23
Past service Cost	-	-
Interest on defined benefit obligation/(asset) (net)	10.71	9.91
Total expenses charged	21.71	20.14

Amount recorded in other comprehensive income:

Particulars	As at March 31, 2019	As at March 31, 2018
	Opening balance recorded in OCI	-
Remeasurement during the period due to:		
(Gain)/loss from change in financial assumptions	(0.52)	-
(Gain)/loss from change in demographic assumptions	-	-
Experience (gains)/losses	(10.44)	(9.06)
Actuarial (gains)/losses on plan assets	-	-
Total amount recognised in OCI	(10.96)	(9.06)

Present value of defined benefit obligation:

Particulars	Gratuity (Funded Plan)	
	As at March 31, 2019	As at March 31, 2018
	Balance at the beginning of the year	143.15
Current service cost	11.00	10.23
Past service cost	-	-
Interest on defined benefit obligation	10.71	9.91
Remeasurement due to:		
(Gain)/loss from change in financial assumptions	(0.52)	-
(Gain)/loss from change in demographic assumptions	-	-
Experience (gains)/losses	(10.44)	(9.06)
Benefit paid	(0.82)	-
Balance at the close of the year	153.08	143.16

Fair value of plan assets:

Particulars	As at March 31, 2019	As at March 31, 2018
	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 recognised in the Balance Sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
	Present value of obligations	153.08
Fair value of plan assets	-	-
Deficit of funded plan	153.08	143.15
Non-current (Note 18)	21.53	19.47
Current	131.55	123.69

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
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	As at
	March 31, 2019	March 31, 2018
Discount rate	5.00%	5.00%
Salary Growth rate	7.65%	7.50%

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 1% is:

Particulars	Impact on defined benefit obligation			
	Increase in assumptions		Decrease in assumptions	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	-2.00%	-1.70%	2.40%	2.00%
Salary growth rate	3.40%	2.90%	-3.00%	-2.60%

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 recognised 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	As at
	March 31, 2019	March 31, 2018
Gratuity	76.54	71.58

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

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 weighted average duration of the defined benefit obligation is 7.96 years (2018 - 6.59 years). The expected maturity analysis of undiscounted gratuity is as follows:

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

Particulars	As at	As at
	March 31, 2019	March 31, 2018
1st Following Year	131.55	123.69
2nd Following Year	1.43	2.34
3rd Following Year	0.82	2.99
4th Following Year	0.72	0.46
5th following year	0.77	0.84
Sum of 6th to 10th Following Year	10.83	9.57

PANCHSHEEL ORGANICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakhs)

31	FINANCE COSTS	Year ended March 31, 2019	Year ended March 31, 2018
	Interest on short term borrowings	11.28	24.37
	Interest on long term borrowings	10.88	18.95
	Other finance cost	16.58	10.41
	TOTAL	38.74	53.73

(Rs. in lakhs)

32	DEPRECIATION AND AMORTISATION EXPENSES	Year ended March 31, 2019	Year ended March 31, 2018
	Depreciation on property, plant and equipment	116.46	144.72
	Transfer from deferred income - government grant	-	(22.51)
	TOTAL	116.46	122.21

(Rs. in lakhs)

33	OTHER EXPENSES	Year ended March 31, 2019	Year ended March 31, 2018
	Consumables	9.73	7.35
	Repairs to building	-	3.26
	Security Service	5.33	7.03
	Loss on sales of Assets	0.06	-
	Quality control expenses	6.69	6.10
	Other operating expenses	38.36	33.51
	Commission & Brokerage	21.02	15.49
	Advertisement and publicity expenses	2.14	2.45
	Outward Cartage, Hamali & Crain Charges	10.63	10.25
	Freight, handling and other charges	36.94	29.35
	Processing Charges	49.13	47.12
	Legal and professional fees	1.73	13.85
	Consolidation charges	0.77	1.11
	Conveyance	5.60	2.44
	Courier Charges	7.54	8.40
	Sundry Balance W/off and Bad Debts	17.90	15.10
	Export Clearing Charges	4.37	6.47
	Exhibition Expenses	7.22	7.45
	Fees & Subscription	5.34	4.84
	Freight Outward	9.99	8.56
	Miscellaneous Expenses	16.94	9.97
	Printing & Stationary	4.65	4.40
	Rent	8.11	10.63
	Telephone Expenses & Charges	1.43	2.84
	Travelling Expenses	25.39	20.12
	Warehousing Charges	0.31	0.09
	Other Administrative Expenses	31.28	24.79
	Duties and taxes	16.07	25.42
	Directors fees	0.25	0.20
	Legal And Professional Charges	9.39	7.79
	Corporate social responsibility	10.28	9.80
	Net loss on foreign currency transactions and translations	0.96	5.83
	Payment to auditors		
	As auditor:		
	Audit fees (Including limited review)	2.10	2.10
	Tax audit fees	0.30	0.30
	TOTAL	367.94	354.44

PANCHSHEEL ORGANICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

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 are no other reportable segment.

GEOGRAPHIC INFORMATION

(Rs. in lakhs)

PARTICULARS	Year ended March 31, 2019		Year ended March 31, 2018	
	Country of domicile (India)	Foreign countries	Country of domicile (India)	Foreign countries
Revenue from External Customers	4,711.16	112.29	4,126.19	140.74

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
- iii) Relatives of Key Management Personnel
 - Arti K Turakhia
 - Devang R Turakhia
 - Amisha M Turakhia
 - Pallavi M Turakhia

35b Compensation of key managerial personnel

(Rs. in lakhs)

Related Parties	Year ended March 31, 2019	Year ended March 31, 2018
Short-term employee benefits to CEO and Whole Time Director	81.00	82.90
Directors' sitting fees to independent directors	0.25	0.20
Total	81.25	83.10

Key Management Personnel Compensation

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, 2019	Year ended March 31, 2018
Sales		
Turakhia Brothers	-	0.59
Synodrug & Intermediates	2.71	34.43
Suneeta Chemicals	0.56	7.95
Paramount Organics	2.24	-
Purchases		
Turakhia Brothers	1.88	0.27
Synodrug & Intermediates	24.58	9.33
Suneeta Chemicals	9.04	0.89
Paramount Organics	12.13	-
Rent		
Turakhia Brothers	2.64	2.40
Arti K Turakhia	2.64	2.40
Testing Charges		
Invochem Laboratories	6.34	4.46
Processing Charges		
Synodrug & Intermediates	27.00	10.52
Suneeta Chemicals	20.50	26.41
Salary		
Arti K Turakhia	12.00	12.00
Devang R Turakhia	12.00	12.00
Pallavi Turakhia	6.00	-
Amisha M Turakhia	6.00	6.00

35d Details of outstanding balances with related Parties:

(Rs. in lakhs)

Related Parties	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
- Invochem Laboratories	-	0.51
- Paramount Organics	12.85	-
- Turakhia Brothers	2.74	-
- Suneeta Chemicals	-	44.96
- Gene Biotech Private Limited	0.12	0.27
TOTAL	15.71	45.75
Trade Payables		
- Suneeta Chemicals	1.66	-
- Synodrug & Intermediates	8.05	0.44
TOTAL	8.05	0.44

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.

PANCHSHEEL ORGANICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

(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:

PARTICULARS	(Rs. in lakhs)	
	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2019	Year ended March 31, 2018
USD - Sensitivity		
Rs./USD -Increase by 0.32% (March 31, 2018: 0.32%)	(0.05)	0.02
Rs./USD -Decrease by 0.32% (March 31, 2018: 0.32%)	0.05	(0.02)
#Holding all other variables constant		

(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 :

PARTICULARS	(Rs. in lakhs)	
	As at March 31, 2019	As at April 01, 2018
Variable rate borrowings	445.64	461.64
Fixed rate borrowings	6.75	56.21
Total borrowings	452.39	517.85

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

PARTICULARS	(Rs. In lakhs)	
	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest rate - increase by 50 basis points	(2.23)	(2.31)
Interest rate - decrease by 50 basis points	2.23	2.31

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. 165.07 lakhs as at March 31, 2019 (Rs. 94.24 lakhs as at March 31, 2018) 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 companies financial liabilities based on the contractually agreed undiscounted cash flows as at the Balance Sheet date.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	(Rs. in lakhs)			
	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

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	(Rs. in lakhs)			
	Less than 6 months	6 months to 1 year	Above 1 Year	Total
March 31, 2018				
Borrowings	461.64		56.21	517.85
Trade payables	918.31			918.31
Other financial liabilities	65.50	25.34		90.84
Total Liabilities	1,445.45	25.34	56.21	1,527.00

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 31,2019	Year ended March 31,2018
Profit after tax (Rs. in lakhs)	403.69	367.37
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.)	8.05	7.32

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)

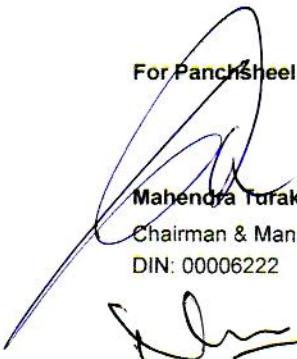
With respect to all operating leases:	Year ended March 31,2019	Year ended March 31,2018
Lease payments recognised in the Statement of Profit and Loss during the year	8.11	10.63

41 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY

With respect to all operating leases:	Year ended March 31,2019	Year ended March 31,2018
Gross amount required to be spent by the Company during the year	10.71	9.65
Amount spent during the year on:		
i) Construction / acquisition of asset	-	-
ii) On purposes other than (i) above	10.28	9.80
Total		

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

For PanchSheel Organics Limited



Mahendra Turakhia
Chairman & Managing Director
DIN: 00006222

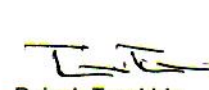


Navin Mehta
Company Secretary

Place: Mumbai
Date: May 29, 2019



Kishore Turakhia
Director
DIN: 00006236



Rajesh Turakhia
Chief Financial Officer

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



Jayesh Shah
Proprietor
Membership No.: 033364



Place: Mumbai
Date: May 29, 2019