

**Annual Report
2019-20**

**P. N. GADGIL
& SONS**

1832

gold | silver | diamonds

P. N. GADGIL & SONS LIMITED
(Formerly known as ' P. N. Gadgil & Sons)

CIN: U36911PN2017PLC173262

3RD ANNUAL GENERAL MEETING

BOARD OF DIRECTORS:

Executive Directors:

Govind Vishwanath Gadgil
(Chairman & Whole Time Director)
Renu Govind Gadgil
(Whole Time Director)
Amit Yeshwant Modak
(Whole Time Director & Chief Executive Officer)

Non-Executive Director:

Udaya Narayan Kalkundrikar

Company Secretary

Apurva Anil Parai

Independent Directors:

Ashish Chandrakant Khandelwal

Ranjeet Sadashiv Natu

Ashok Namdeo Gokhale

Ashutosh Vilas Nanal

Chief Financial Officer:

Aditya Amit Modak

Auditors:

M/s Shah & Taparia, Chartered Accountants
B- 502, Business square, Solitaire Corporate Park,
Chakala, Andheri (E), Mumbai- 400093

Secretarial Auditor:

Avanti Rajwade, Company Secretary
804 B, Rajwade House,
Lane No 14, Bhandarkar Road,
Deccan Gymkhana
Pune- 411004

Bankers:

SVC Co-Operative Bank Limited
HDFC Bank Limited
Bank of Baroda
Federal Bank
Yes Bank Limited

Registered Office:

Abhiruchi Mall, S. No. 59/1-C, Wadgaon (BK),
Sinhagad Road, Pune-411041

Contact Details:

Email Id: info@pngsl.com
Website: www.pngadgilandsons.com
Ph No. : 020-24612000 Fax No. : 020-24612185

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P. N. GADGIL & SONS LIMITED

(Previously known as P. N. Gadgil & Sons)

CIN U36911PN2017PLC173262

Registered Office: Abhiruchi Mall, S.No.59 /1-C, Wadgaon (BK),
Sinhgad Road, Pune – 411041

Tel: +91 20 24612000 | Fax: 020 24612185

Email: info@pngsl.com | Website: www.pngadgilandsons.com

NOTICE

NOTICE is hereby given that the Third Annual General Meeting (AGM) of P. N. GADGIL & SONS LIMITED (the Company) will be held at S. No. 37/1 & 37/2 near Lokmat New Paper, Vadgaon, Khurd, Pune- 411041 on Wednesday, 12th August, 2020 at 12:30 PM to consider and transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial period ended 31st March 2020 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Udaya Narayan Kalkundrikar (DIN: 08007781), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to provisions of Sections 196 and 197 and other applicable provisions of the Companies Act, 2013, if any, (the Act) and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time read with Section II of Part II of Schedule V of the Act and as per the approval of the Nomination & Remuneration Committee and the Board of Directors and subject to such consent(s), approval(s) and permission(s) and subject to such conditions as may be imposed by any authority (ies), if any while granting such consents, permissions and approvals and as are agreed to by the Board of Directors (hereinafter referred to as the Board which term shall unless repugnant to the context or meaning thereof be deemed to include any committee thereof and any person authorized by the Board in this behalf), the approval of members be and is hereby accorded for payment of remuneration of Rs. 55,00,000/- (Rupees Fifty Five Lacs), by way of commission on profit / performance based incentive to Mrs. Renu Govind Gadgil (DIN 07412955), Whole Time Director of the Company, within the limits of the aforementioned provisions of the Act, for the services rendered by her for the financial year 2019-20.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

Date: 10th July, 2020
Place: Pune

By Order of the Board

Sd/-
Apurva Parai
Company Secretary
Flat No. 4, Building No. 17
Konark Aangan,
Opp. Chintamani Nagar Part – II,
Bibvewadi, Pune - 411037
M.No. A32972

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT 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 MEMBER. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES, ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTIONS/ AUTHORITY, AS APPLICABLE. A COPY OF PROXY FORM HAS BEEN ENCLOSED HEREWITH.
2. Members desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
3. In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, this Notice and the Annual Report of the Company for the financial period ending 31st March, 2020 are being sent by e-mail to those Members who have registered their e-mail address with the Company, unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode. The Company requests those Members who have not yet registered their e-mail addresses, to register the same directly with their DP's, in case shares are held in electronic form or with the Company, in case shares are held in physical form.
4. Relevant documents referred to in the Notice, Register of Directors / Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act 2013 and Register of Contracts maintained under Section 189 of the Companies Act 2013 and other relevant registers and the copies of agreement i.e. Letter of appointment as mentioned in Section 190 are available for inspection by the members at the Registered Office of the Company during normal business hours on working days up to the date of the Annual General Meeting.
5. The Statement relating to Special Business as mentioned in the Notice pursuant to provisions of Section 102 of the Companies Act, 2013 (the Act) is annexed hereto.
6. The detailed address of venue of meeting with route map and nearest landmark is attached herewith. Pick and drop facility will be available half an hour before and after the conclusion of the meeting from/to the registered office of the Company.
7. Members are requested to notify the Company immediately the changes, if any, in the address in full with the postal area, pin code number, quoting their folio no. to the Company for shares held in physical form and/or to Company's Registrar and Share Transfer Agent, 'LINK INTIME INDIA PRIVATE LIMITED' at 247 Park, C - 101, 1st Floor, L.B.S. Marg, Vikhroli - (West) Mumbai - 400 083 and to their respective Depository Participants (DP) for shares held in electronic form.
8. Members / proxies should carry valid ID proof such as PAN, Voter ID, Passport, Driving License, Aadhar card etc along with duly filled Attendance Slip enclosed herewith for attending the meeting.
9. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company, for admission to the meeting venue.
10. Members may also note that the notice of the 3rd Annual General Meeting and the Annual Report will be available on the Company's website www.pngadgilandsons.com.



11. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

Date: 10th July, 2020
Place: Pune

By Order of the Board

Sd/-
Apurva Parai
Company Secretary
Flat No. 4, Building No. 17
Konark Aangan,
Opp. Chintamani Nagar Part - II,
Bibvewadi, Pune - 411037
M.No. A32972



EXPLANATORY STATEMENT
PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out, in terms of Section 102 of the Companies Act, 2013, all material facts relating to Special Business as mentioned in the accompanying Notice dated 10th July, 2020:

Item No. 3

Mrs. Renu Govind Gadgil is one of the promoters and founder Directors of the Company. The Board of Directors, in its Extra Ordinary General Meeting held on 30th August, 2019, made a revision in the limits of the remuneration to be paid to Mrs. Renu Govind Gadgil (DIN 07412955), Whole Time Director of the Company from 2,50,00,000/- (Rupees Two crores fifty lacs) p.a. to an amount not exceeding Rs. 6,00,00,000/- (Rupees Six Crores) p.a., for a period of 3 years, commencing from 1st October, 2019., with other terms and conditions of employment as approved at the Extra Ordinary General Meeting of the Company held on 12th December 2017 remaining unchanged for the services being rendered by her.

In view of forgoing, the total remuneration to Mrs. Renu Govind Gadgil for the year 2019-20 worked out to Rs. 4,25,00,000/- (pro-rata). The Board, in its Meeting held on 27th January, 2020, decided to pay an amount of Rs. 3 crores or 0.25 % of sales, whichever is lower as commission on net profit to Mrs. Gadgil for the year 2019-20. The said remuneration by way of commission on profit / performance based incentive worked out to Rs. 4,80,00,000/- which exceeded the aforesaid pro-rata limit by an amount of Rs. 55,00,000/- and was paid in the month of March, 2020.

Hence, as required under Section 196 and 197 of the Companies Act, 2013, members' approval is required and being sought by way of an Ordinary Resolution for payment of remuneration by way of commission on profit / performance based incentive of Rs. 55,00,000/- to Mrs. Gadgil by way of commission on profit / performance based incentive for Financial year 2019-20. The remuneration paid to her is within the limits as laid down under the aforesaid provisions of the Act for the financial period ending 31st March, 2020. However, your approval is being sought by way of a Special Resolution.

The relevant disclosures as required in pursuance of Secretarial Standard 2 of (ICSI) have been made in the **Annexure 1** to this statement.

The Board recognizes valuable contributions made by Mrs. Renu Govind Gadgil (DIN 07412955), Whole Time Director of the Company for development of the Company and therefore recommends the resolution set out in Item no. 03 of the notice for approval by members of the Company.

However, your approval is being sought by way of a Special Resolution.

Except the appointee herself, Mr. Govind Vishwanath Gadgil, being relative of Mrs. Renu Govind Gadgil, none of the other Directors or key managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolution proposed under item No. 03.

All document referred to in the notice are open for inspection at the registered office of the Company during normal business hours on working day up to the date of Annual General meeting.

Date: 10th July, 2020
Place: Pune

By Order of the Board

Sd/-
Apurva Parai
Company Secretary
Flat No. 4, Building No. 17
Konark Aangan,
Opp. Chintamani Nagar Part - II,
Bibvewadi, Pune - 411037
M.No. A32972



Annexure 1 to Item No. 03 of the Notice

Details of Directors seeking revision in terms of remuneration at the Annual General Meeting
(In pursuance of Secretarial Standard 2 of ICSI)

Sr. No.	Name of Director	Mrs. Renu Govind Gadgil
1.	DIN	07412955
2.	Designation	Whole Time Director
3.	Date of Birth	13/05/1961
4.	Age	59
5.	Nationality	Indian
6.	Date of first appointment on the Board	06/11/2017
7.	Change in Designation	05/12/2017
8.	Shareholding in P. N. Gadgil & Sons Limited	1,50,47,333 equity shares of Rs. 10 each
9.	List of Directorship held in other Companies	Puneet Shares and Finance Private Limited
10.	Qualifications	BHMS
11.	Experience	In jewellery business for more than 5 years as one of the owners
12.	Terms and Conditions of appointment or re-appointment	<p>A. Term of appointment: - She will serve as a Whole Time Director for 5 (Five years) from 5th December 2017 up to and including 04th December 2022. No change in the terms and conditions of appointment except for one time incentive salary, is proposed.</p> <p>B. She will be liable to retire by rotation during the tenure of her appointment as Whole Time Director of the Company.</p> <p>C. Subject to the superintendence, control and direction of the Board, she will have the general control of the business of the Company and she will be vested with the powers of general management and day to day affairs of the Company, to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things which in the ordinary course of such business SALES COMMISSION, she may consider necessary or proper or in the best interests of the Company.</p> <p>D. The term of her employment will forthwith determine if she becomes insolvent or make any composition or arrangement with her creditors or she will cease to be a Director of the Company.</p> <p>E. If she is guilty of negligence in the conduct of the business of the Company or of any misconduct or any breach of these terms and conditions, if any, as in the opinion of the Board renders her retirement from the office of Whole Time Director desirable, the Company may intimate to her, by not less than 30 days notice in writing, about her cessation, she will be ceased to be a Director and Whole Time Director of the Company upon the expiration of such notice.</p> <p>Kindly refer draft Letter altering terms and conditions of appointment pertaining to the remuneration for the Financial year 2019-20, which is available for inspection at the Registered Office of the Company during business hours on all working days up to the date of the AGM.</p>
13.	No of Board meetings attended during the financial year	6
14.	Chairman / Member in the Committees of the Board of Companies in which he is a director	P. N. GADGIL & SONS LIMITED : Member of Borrowing Committee and Internal Complaints Committee
15.	Relationship with other Directors, manager and other Key managerial	Relative of Mr. Govind Vishwanath Gadgil, Chairman and Whole time Director of the Company

	personnel of the Company	
16.	Details of remuneration sought to be paid	The members are being approached for the approval of remuneration of Rs. 55,00,000/- to be paid to Mrs. Renu Govind Gadgil , as one time payment in the form of by way of commission on profit / performance based incentive which is in excess of the limits approved by the members in the EOGM held on 30th august, 2019, and as approved by board of director on 27th January, 2020.
17.	Last drawn remuneration	<p>The Company has paid Rs. 1,80,00,000 /-for the period commencing from 01st April, 2018 to 31st March, 2019.</p> <p>The Company has paid Rs. 4,80,00,000/- for the period commencing from 01st April, 2019 to 31st March, 2020, subject to approval of members.</p>

Date: 10th July, 2020
Place: Pune

By Order of the Board

Sd/-
Apurva Parai
Company Secretary
Flat No. 4, Building No. 17
Konark Aangan,
Opp. Chintamani Nagar Part – II,
Bibvewadi, Pune - 411037
M.No. A32972



ANNEXURE 2 TO THE NOTICE

STATEMENT PURSUANT TO THE PROVISIONS OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 (INCLUDING SECRETARIAL STANDARD – 2) IN RESPECT OF ITEM NO. 3 OF THE ACCOMPANYING NOTICE DATED 10TH JULY, 2020

I. GENERAL INFORMATION –

(1) Nature of Industry:

We are one of the leading and trusted retail jewellery companies in Maharashtra. The legacy of the “P. N. Gadgil” brand traces back over six generations to the year 1832. Prior to the incorporation of our Company in the year 2017, consequent to conversion of the Erstwhile Partnership Firm into the Company, the current business was carried on by our Promoters in the name of such Erstwhile Partnership Firm.

Our offerings include gold jewellery, silver jewellery, idols and other silverware, diamonds and diamond jewellery and other gemstones jewellery and related gift items.

(2) Date or expected date of commencement of Commercial Production: Commercial production commenced in the year 2012 when the Company was a partnership firm in the name of “P. N. Gadgil & Sons”. In other words the activities or business continued in the Company after the aforesaid conversion.

(3) In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: **Not applicable.**

(4) Financial performance based on given indicators:-

Particulars	From 6 th November, 2017 to 1 st April, 2019 till 31 st March, 2020
Total Income	20,76,39,12,773
Depreciation and amortization expense	16,84,11,898
Total expenses	19,89,22,76,765
Profit before tax	87,16,36,007
Net profit/ Profit after Tax	64,41,95,754
Paid up capital	33,77,05,990

(5) Foreign Investments or collaborations, if any – There is no direct foreign investment and no foreign collaboration in the Company.

II. INFORMATION ABOUT THE APPOINTEES

Sr. No.	Information	Mrs. Renu Gadgil Whole Time Director
	Background details	Renu Gadgil is one of the Promoters of our Company and has been a member of our Board since inception. She passed the Licentiate of Court of Examiners in Homeopathy. She has more than 5 years of experience in the jewellery business. In the past, she was associated with P N Gadgil & Sons, in the capacity of a Partner.
	Past Remuneration	The Company has paid a remuneration of Rs. 1,80,00,000/- for the financial year 2018-19 The Company has paid a remuneration of Rs. 4,80,000/- for the financial year 2019-20, subject to approval of members
	Recognition and Awards	-
	Job profile and his /her suitability	Renu Gadgil was appointed as the Whole-time Director of the Company for a period of five years with effect from 5 th December 2017. She has been involved in day to day operations of the Company and has been responsible for the functions and administration of the Company. She also pays attention for maintaining legacy benefit to the organization. Considering her vast experience and knowledge of the business in which company operates, and sales achieved in the year 2019-20, the remuneration proposed commensurate with her job profile and is justified.
	Remuneration proposed	The proposed remuneration, by way of commission on profit / performance based incentive to be paid is provided in Item No. 03 of the Notice.
	Comparative remuneration profile with respect to industry. Size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his / her origin)	The revised one time remuneration of Rs. 55 Lacs for the Year 2019-20 has been benchmarked with the remuneration being drawn by peers in similar capacity in Jewellery Companies of comparable size in the Jewellery industry and has been approved by the Nomination and Remuneration Committee and by the Board of the Company respectively. The profile of Mrs. Renu Govind Gadgil, her responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of said remuneration. The remuneration to be paid to Mrs. Renu Govind Gadgil for which the approval is being sought from the members is in line with the industry standards.
	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	<ul style="list-style-type: none"> • Spouse of Mr. Govind Vishwanath Gadgil, Chairman & Whole Time Director • Mrs. Renu Govind Gadgil is a Promoter and Whole Time Director holding 1,50,47,333 equity shares consisting of 33,77,05,990 of the total paid-up capital of the Company as on 31-03-2020. • Company repaid unsecured loan of Rs. 29,17,97,789/- to Mrs. Renu Govind Gadgil as on 31.03.2020 • Company paid Interest on unsecured loan of Rs. 41,39,179/- to Mrs Renu Govind Gadgil as on 31.03.2020 • She received a lease Rent of Rs. 85,04,496/-

III. OTHER INFORMATION:

1. Reasons of loss or inadequate profits: Inadequate profits is primarily due to the following:
 - i) The revenue during the period ending 31.03.2020 is majorly contributed for expansion of business, the benefits of which are yet to be accrued to the Company.
 - ii) Seasonal fluctuations could have a material adverse effect on our business, financial condition and results of operations.
 - iii) Shortage of rainfall may have adverse impact on rural economy and consequently may impact business of the Company.



- iv) The cyber fraud of Rs. 2,98,40,000/-resulted into set back to the Company to some extent and reduction in revenue and net profit.
- v) The profits were inadequate to absorb the increased quantum of one time increase in remuneration.

2. Steps taken or proposed to be taken for improvement:

The Company is focusing on strengthening its core competency in core retail operations, by optimizing store networks and assures that the demand for our products with end-consumers will continue to grow or that we will be able to continue to develop appealing styles or meet rapidly changing consumer demands in the future.

3. Expected increase in productivity and profits in measurable terms:

In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be increasing top-line, profit maximization, conservation of cash and operational efficiencies. While it is difficult to give precise figures, the above initiatives are expected to improve further the productivity and profitability.

III. Disclosures:

1. The remuneration package of all the managerial persons are given in the respective resolutions.
2. The above explanatory statement (together with Annexure thereto) shall be construed to be memorandum setting out the terms of the appointment/re-appointment as specified under Section 190 of the Companies Act, 2013.

Date: 10th July, 2020
Place: Pune

By Order of the Board

Sd/-
Apurva Parai
Company Secretary
Flat No. 4, Building No. 17
Konark Aangan,
Opp. Chintamani Nagar Part – II,
Bibvewadi, Pune - 411037
M.No. A32972

1. NO CHANGE IN OTHER TERMS AND CONDITIONS
2. THE APPROVAL IS BEING SOUGHT FOR AS ONE TIME COMMISSION ON PROFIT / PERFORMANCE BASED INCENTIVE / REMUNERTATION FOR THE YEAR 2019-20 OVER AND ABOVE THE REMUMERATION AS APPROVED BY THE SHAREHOLDERS IN THE EOGM HELD ON 30TH AUGUST, 2019
3. REMUNERATION PAID CONSIDERING SALES ACHIEVED



P. N. GADGIL & SONS LIMITED

(CIN - U36911PN2017PLC173262)

Regd. Office: Abhiruchi Mall, S.No.59 /1-C, Wadgaon (BK),
Sinhgad Road Pune - 411041

Email Id: info@pngadgilandson.com website: www.pngadgilandsons.com

Phone No. – +91 20 24612000 Fax No. – 020 24612185

ATTENDANCE SLIP

[To be presented at the entrance]

Annual General Meeting on Wednesday, the 12th August, 2020 at 12:30 P.M.
at S. No. 37/1 & 37/2 near Lokmat New Paper, Vadgaon, Khurd, Pune- 411041

Folio No.....DP ID No.....Client ID.....

No. of Shares held

Name of the MemberSignature.....

Name of Proxy Holder.....Signature.....

I / We hereby record my / our presence at the Annual General Meeting of the Company held on Wednesday, the 12th August, 2020 at 12:30 P.M. at S. No. 37/1 & 37/2 near Lokmat New Paper, Vadgaon, Khurd, Pune- 411041

Notes:

1. Only Member / Proxy holder can attend the Meeting.
2. Please fill up the attendance slip and hand it over at the entrance of the meeting hall.



P. N. GADGIL & SONS LIMITED

(CIN - U36911PN2017PLC173262)

Regd. Office: Abhiruchi Mall, S.No.59 /1-C, Wadgaon (BK), Sinhgad Road Pune - 411041

Email Id: info@pngadgilandson.com website: www.pngadgilandsons.com

Phone No. – +91 20 24612000 Fax No. – 020 24612185

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):
Registered address:
E-mail Id:
Folio No:
Clint ID/DP ID:

I/ We being the member of, holding.....shares, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:

or failing him

2. Name

Address:

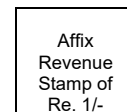
E-mail Id:

Signature:

as my/our proxy to attend and vote for me/us and on my/our behalf at 3rd Annual General Meeting of members of the Company, to be held on Wednesday, 12th August, 2020 at 12:30 P.M. at S. No. 37/1 & 37/2 near Lokmat New Paper, Vadgaon, Khurd, Pune- 411041 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolution	Vote (For or Against)
Ordinary Business		
1.	Adoption of financial statements	
2.	Appointment of Mr. Udaya Kalkundrikar as a Director liable to retire by rotation	
Special business		
3.	Approval of remuneration of Rs. 55,00,000/- (Rupees Fifty Five Lacs), by way of commission on profit / performance based incentive to Mrs. Renu Govind Gadgil, Whole Time Director of the Company	

Signed thisday of..... 2020

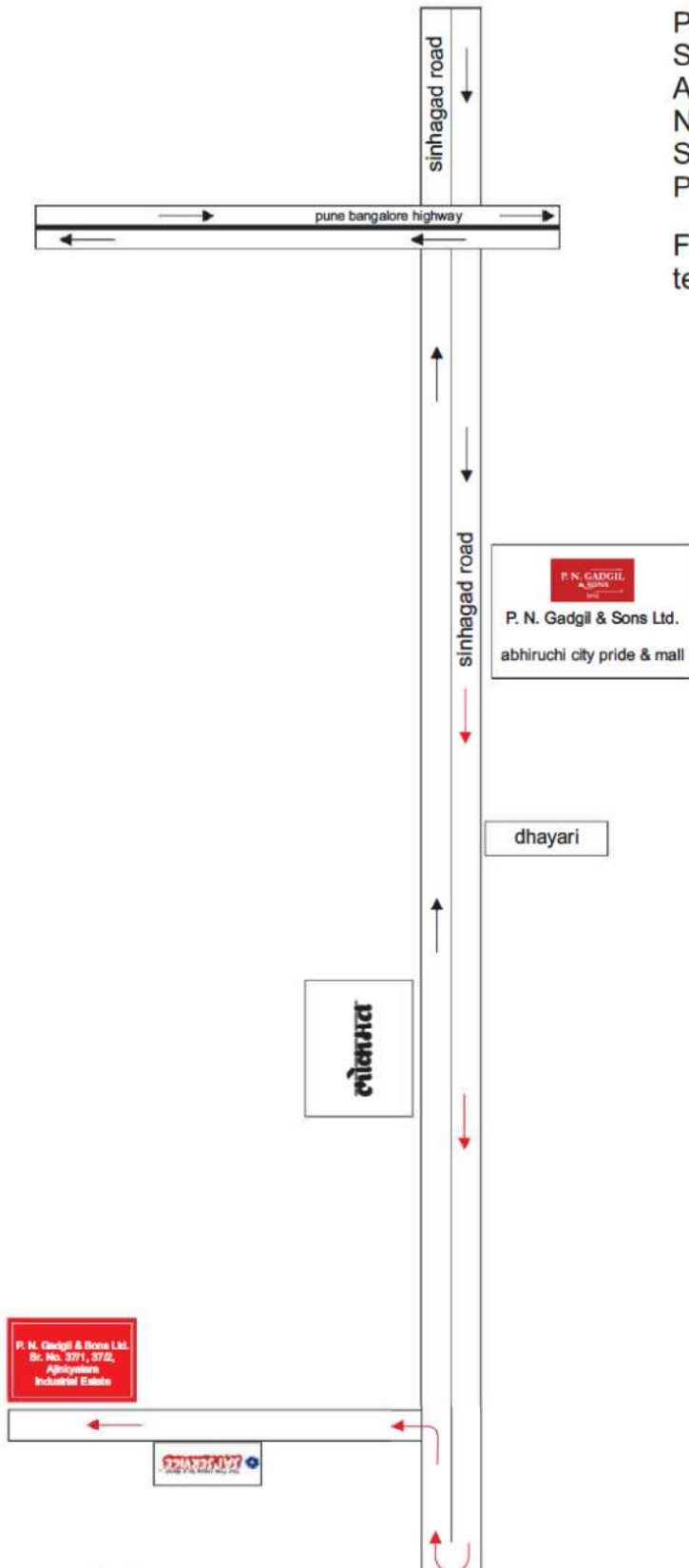


Signature of Shareholder:

Signature of Proxy holder(s):

Note:

1. This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.



P. N. Gadgil & Sons Ltd.
Sr. No. 37/1, 37/2,
Ajinkyatara Industrial Estate,
Next to Lokmat Press Office
Sinhagad Road, Wadgaon Khurd,
Pune, Maharashtra 411041

For queries, contact us :
tel : 202 - 24612000 / 67520200

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting the 3rd Annual Report together with the audited financial statements for the year ended **31st March 2020**.

1. FINANCIAL RESULTS

(Rs. In Millions)

Particulars	For the Financial Year ended 31 st March, 2020	For the year ended 31 st March, 2019
Turnover	20,728.35	20,048.32
Other Income	35.56	9.51
Gross Income	20,763.91	20,057.83
EBIDTA	1286.53	1234.21
Interest & Finance Expenses	246.48	255.83
Depreciation & Amortization	168.41	80.26
Profit / (Loss) before Tax	871.64	898.12
Less : Current Tax	233.09	261.29
Less / (Add): Previous Year's Tax	(1.24)	--
Less/ (Add): Deferred Tax	(4.41)	(1.48)
Profit / (Loss) after Tax	644.20	638.31
Less - Other Comprehensive Income, net of	(2.84)	(1.18)
Total Comprehensive Income, net of tax	641.36	637.13



2. OPERATIONS OF THE COMPANY AND THE STATE OF COMPANY'S AFFAIRS

We are one of the leading and trusted retail jewellery companies in Maharashtra. The legacy of the "P. N. Gadgil" brand traces back over six generations to the year 1832.

This was the third year when your Company crossed the turnover of Rs. 2000 Crores which is itself a milestone for the Company. This year turnover could have been even better but due to COVID-19 pandemic, our branches started getting closed for avoiding spread of the disease since second week of March, 2020 and we lost our precious day of business i.e. Gudhi Padwa and entire first week of Chaitramas. This has impacted negatively on our turnover.

To promote our brand we are creating 360 degree brand communication or marketing and as a part of this initiative we are associated with TV serials, films, web series, celebrity integration and further to connect with the youth we are using digital platforms such as facebook, instagram and youtube. In many serials, we have integration which gives us better response over and above normal commercial advertisements. The Company has opted for television, serials and other programs for marketing which will have impact on the larger geographical area.

The Company decided last year not to have additional branch expansion for consolidating operations and for creating smooth working of backend operations after rapid expansion during March, 2017 to March, 2019.

CURRENT SCENARIO

Our stores are divided into three formats, primarily on account of the size of the store, namely 12 'large format stores' (above 3,500 sq. ft. of built up area), 5 'medium-format stores' (above 2,200 sq. ft. of built area up to 3,500 sq.ft. of built up area) and 12 'small-format stores' (above 1,000 sq. ft. of built up area up to 2,200 sq. ft. of builtup area). As of 31st March, 2020, we have 27 stores in Maharashtra and one store in Gujarat and Karnataka each.

For efficient management and operations, our Company has divided its stores into three separate zones as per our zonal model, namely Pune-zone, Nashik-zone and Solapur-zone. Company has also planned for forth zonal office in Dombiwali, Mumbai.

Nashik which was first considered in medium format stores now has been expanded and the store now comes in large format store (above 3,500 sq. ft. of built up area).

Current year, we all are experiencing COVID-19 effects which is impacting luxury goods and lifestyle industry. Same can have negative impact on our performance for financial year 2020-2021. Further, COVID-19 have impacted earnings of middle class, higher middle class and working class, which may reduce their disposal surplus and impact on their spending preferences on luxury goods. This behavior also can impact on our business. During the current year year from 01st April, 2020 to 21st May, 2020, our shops were not operational due to lockdown. Subsequently, our shops have started working as per Government guidelines and as on date of this report, our shops are working as per local authority guidelines. Overall, our shops are not working to full working time capacity. As a precautionary note we can say that current Financial Year will have severe negative impacts on your Company's performance. Company is taking steps to curtail expenses on various heads without compromising to customer service quality.

3. EXPANSION

Our store network has reached to 29 stores as on 31st March, 2020 and there are no additions during the year. We also have presence on online platform through www.onlinepng.com. The Company had IPO plans but since on 13th July, 2019 DRHP has been lapsed the same is set aside.

4. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA), vide its notification dated 16th February, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain class of Companies. In preparing the Financial Statements, the Company has opted to voluntarily present the Financial Statements under Ind AS.

5. CHANGE IN NATURE OF BUSINESS, IF ANY

The Company has not changed its nature of business during the financial year ended 31st March, 2020.

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

The outbreak of Coronavirus (COVID-19) pandemic globally and in India has been causing significant disturbance and slowdown of economic activity. The markets, we serve continue to undergo massive disruptions due to the COVID-19 pandemic. The continued spread of COVID-19 has adversely affected workforces, vendors and cancellations or ramp-downs of existing projects and could adversely affect further demand for prospective projects, increase pricing pressure, higher travel restrictions, impose supply-side constraints, and might adversely impact cash conversion cycles.

The economic fallout of and the subsequent recovery from COVID-19 will depend on multiple factors, such as recovery driven by containment efforts, supply chain disruptions, impact of lockdowns etc. The potential impact to our results going forward will depend to a large extent on future developments regarding COVID-19 that cannot be accurately predicted at this time, including the duration and severity of the pandemic, the extent and effectiveness of containment actions and the impact of these and other factors on our employees, customers, partners and vendors.

We will remain resolute in our goals of employee safety, business continuity and of being a trusted partner to our customers.

7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANIES OPERATIONS IN FUTURE

There are no significant and material orders passed by the regulators, courts or tribunals, which affect the going concern status of the Company and its operations in future.

8. CHANGE IN CAPITAL STRUCTURE

During the year under report, the Authorized Capital and the Paid-up capital of the Company remained unchanged. Further, the Company has neither allotted any sweat equity or bonus shares or any shares under the employee stock option plan nor has bought back any shares or securities.

9. CHANGE IN REGISTERED OFFICE

During year under report, there is no change in the Registered Office of the Company.



10. CHANGE IN NAME OF THE COMPANY

During the year under report, there is no change in the Name of the Company.

11. RESERVES

During the year under review, the Company has transferred an amount of Rs. 3,89,00,000/- to General Reserves and Rs. 4,00,00,000/- as Inventory Price Risk Reserve.

12. DIVIDEND

The Company has earned a profit of Rs. 64,41,95,754/- in the financial year 2019-20. However, the Board of Directors do not recommend any dividend in the current financial year due to COVID-19 pandemic and in order to conserve resources to maintain liquidity required for smooth running of business.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31st March, 2020, the Board of your Company comprises of 8 Directors including 3 Whole Time Directors, 4 Independent Directors and 1 Non-Executive Director.

During the year under review, Ms. Avanti Gulavani, Company Secretary and Compliance Officer of the Company has been resigned with effect from 29th January, 2020 as a Company Secretary and Compliance Officer. Ms. Apurva Parai, Assistant Company Secretary of the Company is appointed as Company Secretary and Compliance Officer of the Company with effect from 30th January, 2020.

Except for the above there is no change in composition of Board of Directors and Key Managerial Personnel during the year.

14. RETIREMENT OF DIRECTOR

Pursuant to Section 152 of the Companies Act 2013 read with Article 94 of Articles of Association of the Company, Mr. Udaya Narayan Kalkundrikar (DIN:08007781) Director the Company is liable to retire by rotation and being eligible has offered himself for reappointment at this Annual General Meeting.

15. DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS UNDER SECTION 149(6) OF THE COMPANIES ACT, 2013

The Company has received declarations from the Independent Directors of the Company under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Directors.

16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2019-20, the Board of Directors met **Seven (7)** times, the details of which are as under.

Sr. No.	Dates on which Board Meetings were held	Total Strength of the Board	No. of Directors present
1.	29 th April, 2019	8	7
2.	27 th May, 2019	8	7
3.	19 th June, 2019	8	7
4.	29 th July, 2019	8	4
5.	30 th August, 2019	8	7
6.	25 th October, 2019	8	7
7.	27 th January, 2020	8	7

Attendance of Directors at Board Meetings

Name of the Directors	No of Board meetings held	No of Board Meetings attended
Mr. Govind Gadgil	7	7
Mrs. Renu Gadgil	7	6
Mr. Amit Modak	7	7
Mr. Ashish Khandelwal	7	7
Mr. Ashok Gokhale	7	6
Mr. Ranjeet Natu	7	7
Mr. Udaya Kalkundrikar	7	1
Mr. Ashutosh Nanal	7	5

17. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134 (3) (c) of the Companies Act, 2013, your Directors state as under –

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;

- (e) the Directors had laid down internal financial controls to be followed by the company and such internal financial controls are adequate and were operating effectively. The company is a non-listed entity; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. EXTRACT OF THE ANNUAL RETURN

The extract of Annual return of the Company for the financial year ending on 31st March, 2020 in Form MGT 9, as required under Section 92(3) of the Companies Act 2013 is enclosed herewith as **Annexure A** and forms part of this Report. The extract is also being placed on the website of the Company at <https://www.pngadgilandsons.com>.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/ transactions entered with related parties during the year under report were on arms length and in ordinary course of business. Thus, provisions of Section 188(1) of the Companies Act, 2013 are not applicable. Out of the transactions entered with related party, according to materiality policy none of the transaction is material and the disclosure in Form **AOC 2** is enclosed herewith as **Annexure B**.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has neither granted any loans nor given any guarantees during the financial year under consideration. Investments form part of the Notes to the financial statements provided in the Annual Report.

For the purpose of insulating the company from shock resulting from fluctuations in the gold, silver and other precious metals it was decided to invest 5% of the valuation of the inventory owned by the Company as at the end of the year 31st March, 2018, in the liquid financial assets such as GILT, Liquid funds and as fixed deposit with any scheduled and/or commercial banks etc. upto or before 31st March, 2021. It was further decided that the Provisions made at end of every year should be backed by actual Investment on or before 31st December of respective year. Hence Company has made fixed deposit of Rs. 4 crores before 31st December, 2020.

21. DEPOSITS

During the year under report, your Company has accepted any deposits from the public or other eligible entities within the meaning of Section 73 to 76 of the Companies Act, 2013. Allowable deposits as per Financial year 2019-20 were 61,86,64,074/- and deposits as on March 31, 2020 were Rs. 8,89,50,000/-

Sr. No.	The details relating to deposits, covered under Chapter V of the Act,-	Amount in Rs.
(a)	accepted during the year;	9,40,50,000/-
(b)	Prematured withdrawals	51,00,000/-
(c)	remained unpaid or unclaimed as at the end of the year;	NIL
(d)	whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so,	

	number of such cases and the total amount involved-	NIL
(i)	at the beginning of the year;	
(ii)	maximum during the year;	
(iii)	at the end of the year;	

22. UNSECURED LOANS

During the year under reporting the Company has refunded Rs. 34,09,90,962/- towards payment of the Unsecured Loan to Mr. Govind Vishwanath Gadgil and Mrs. Renu Govind Gadgil, Whole-time Directors of the Company. Pursuant to rule 2(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014 a declaration has been received from them that the amount has not been given out of the funds acquired by them, either by borrowings or by accepting loans or deposits from other.

23. EMPLOYEES STOCK OPTION SCHEME

Employee stock option scheme "PNG Employees Stock Option Plan 2018" have been adopted in the year 2018 and 230,000 options were granted to the eligible employees in accordance with the approval of the Nomination and Remuneration Committee meeting held on 18th April, 2018. Details of the Employee stock option scheme are given in **Annexure C**.

24. REMUNERATION OR COMMISSION RECEIVED BY MANAGING DIRECTOR OR WHOLE TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANIES

As there are no subsidiary or holding company whole time director has not received any remuneration or commission during the year under report.

25. CORPORATE SOCIAL RESPONSIBILITY (CSR) / CSR COMMITTEE

Your Directors have constituted a CSR Committee as per Section 135 of the Companies Act 2013 to identify, monitor and review CSR activities of the Company and provide strategic directions for implementation of the CSR policy of the Company which can be accessed on the website of the Company at <https://www.pngadgilandsons.com>.

The members of the CSR committee are as follows:

1. Mr. Ashok Namdeo Gokhale, Independent Director, Chairman of the Committee
2. Mr. Amit Yeshwant Modak, Whole Time Director & CEO
3. Mr. Govind Vishwanath Gadgil, Whole Time Director

During the financial year 2019-20, One (1) meeting of the Committee was held on 10th March, 2020. The other details are as under:

Names of Members	No of meetings attended
Mr. Amit Yeshwant Modak	1
Mr. Govind Vishwanath Gadgil	1
Mr. Ashok Namdeo Gokhale	1

The brief outline of the Corporate Social Responsibility Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year, in the prescribed format, as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as "**Annexure- E**" to this Report. The CSR policy is available on our website <https://www.pngadgilandsons.com>.

The Company was required to spend Rs. 1,22,68,128/- towards CSR activities during the financial year under review as per the applicable provisions. However, the Company has spent Rs. 1,23,22,673/-

26. AUDIT COMMITTEE

Your Directors have constituted the Audit committee in accordance with Section 177 of the Companies Act, 2013 read with rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 as follows:

1. Mr. Ashish Chandrakant Khandelwal, Independent Director, Chairman of the Committee
2. Mr. Ranjeet Sadashiv Natu, Independent Director
3. Mr. Amit Yeshwant Modak, Whole Time Director

Twelve (12) meetings of the Committee were held during the year ended 31st March, 2020 on 29th April, 2019, 27th May, 2019, 29th July, 2019, 30th August, 2019, 23rd September, 2019, 27th September, 2019, 18th October, 2019, 25th October, 2019, 08th November, 2019, 17th December, 2019, 18th January, 2020 and 27th January, 2020 detailed as under:

Names of Members	No of meetings attended
Mr. Ashish Chandrakant Khandelwal	12
Mr. Ranjeet Sadashiv Natu	12
Mr. Amit Yeshwant Modak	12

27. NOMINATION AND REMUNERATION COMMITTEE

Your Directors have constituted the Audit committee in accordance with Section 178 of the Companies Act, 2013, the Nomination and Remuneration committee consisted of following members:

1. **Mr. Ranjeet Sadashiv Natu, Independent Director, Chairman of the Committee**
2. **Mr. Ashok Namdeo Gokhale, Independent Director**
3. **Mr. Govind Vishwanath Gadgil, Whole Time Director**
4. **Mr. Ashish Chandrakant Khandelwal, Independent Director**

Three (3) Meetings of the Committee were held during the year ended 31st March 2020 on 27th May, 2019, 29th July, 2019, 27th January, 2020 detailed as under

Names of Members	No. of meetings attended
Mr. Ranjeet Sadashiv Natu	3
Mr. Ashok Namdeo Gokhale	3
Mr. Govind Vishwanath Gadgil	3
Mr. Ashish Chandrakant Khandelwal	3

Policy on Nomination and Remuneration can be accessed on the website of the Company at <https://www.pngadgilandsons.com>.

28. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee formed under the provisions of Section 178(5) of Companies Act, 2013, consists of following members:

1. Mr. Ashish Chandrakant Khandelwal, Independent Director, Chairman of the Committee
2. Mr. Amit Yeshwant Modak, Whole Time Director
3. Mr. Govind Vishwanath Gadgil, Whole Time Director



This Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholder's / investor's / security holder's complaints.

Policy on Stakeholders Relationships available on the website of the Company at <https://www.pngadgilandsons.com>.

During the financial year 2019-20, One (1) meeting of the Committee was held on 10th March, 2020. The other details are as under:

Names of Members	No of meetings attended
Mr. Ashish Chandrakant Khandelwal	1
Mr. Govind Vishwanath Gadgil	1
Mr. Amit Yeshwant Modak	1

29. BORROWING COMMITTEE

The Borrowing committee formed in view of need for operational convenience consist of following members:

1. **Mr. Govind Vishwanath Gadgil (DIN: 00616617)**
2. **Mrs. Renu Govind Gadgil (DIN: 07412955)**
3. **Mr. Amit Yeshwant Modak (DIN: 00396631)**

This Committee is authorised to borrow in the form of fund based and non fund credit facilities from Bankers , financial institutions, bodies corporate and other eligible entities upto the amount approved by the Board of Directors of the Company.

30. NAME OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

No companies have become or ceased to be subsidiaries, joint ventures or associate companies during the year under consideration.

31. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT.

As the Company doesn't have Subsidiary/ Joint Ventures/ Associates Companies as on March 31, 2020, the clause regarding reporting of performance and financial position thereof is not applicable.

32. SECRETARIAL STANDARDS

The Company generally complies with all applicable secretarial standards, issued by the Council of the Institute of Company Secretaries of India.

33. COST RECORDS

The provisions of Section 148 of the Companies Act, 2013 read with Notifications/ Circulars issued by the Ministry of Corporate affairs from time to time, regarding maintenance of Cost records, are not applicable to the company.

34. STATEMENT ON RISK MANAGEMENT POLICY

Every business is subject to risks, uncertainties that could cause actual results to differ materially from those contemplated. The Company is aware of all these risk factors and

has accordingly formulated various policies and procedures to face the challenges ahead. The Company has such policy in place since its inception and is under regular improvements. A Risk Management Policy is available on the website of the Company at <https://www.pngadgilandsons.com>.

35. CASES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy for prevention of sexual harassment at workplace. This inter alia provides a mechanism for the resolution, settlement or prosecution of acts or instances of Sexual Harassment at work and ensures that all employees are treated with respect and dignity. The Internal Complaints Committee(s) (ICC) has been set up by the Company to redress complaints received regarding sexual harassment and No complaint has been received till date.

Policy is available on the website of the Company at <https://www.pngadgilandsons.com>.

36. FORMAL ANNUAL EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The formal evaluation mechanism has been adopted for evaluating the performance of the Board as well as performance of its Committees and Individual Directors of the Board.

The exercise was carried out through a structured evaluation process covering various aspects such as composition of the Board & Committees, experience and competencies, performance of specific duties and obligations, attendance and contribution at Board meetings / Committee meetings / General meetings, preparedness for meetings, effective decision making ability, knowledge of sector where company operates, understanding and avoidance of risk while executing functional duties, successful negotiating ability, initiative to maintain corporate culture, commitment, dedication of time, leadership quality, attitude, initiatives and responsibilities undertaken, achievements etc.

In a separate meeting of Independent Directors held on 10th March, 2020, performance of non-independent Directors, performance of Board as a whole and performance of the Chairman were evaluated taking into account the views of executive and non executive Directors. The said meeting was attended by all the Independent Directors.

37. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

(A) CONSERVATION OF ENERGY :

In its endeavour towards conservation of energy your Company ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Company has installed Solar Power System in the Training centre at Nanded city, Pune and in Jalgaon i.e. in Company owned premises for conservation of energy. Company had spent approximately Rs. 48 Lakhs till March 31, 2019 on conservation of energy. During the year under review, the Company has not spent any amount on conservation of energy.

(B) TECHNOLOGY ABSORPTION

The Company has not carried out any research and development activities.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Company does not have any foreign exchange earning and outgo during the year under report.

38. WHISTLE BLOWER POLICY AND VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail such mechanism and also provide for direct access to the Chairman of the Audit Committee. The Policy can be accessed at the website of the Company at <https://www.pngadgilandsons.com>

39. INTERNAL FINANCIAL CONTROL

The Company has well devised Internal Control systems adopted by the Management to assist in achieving management's objective of ensuring the orderly and efficient conduct of its business, including, adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The system of internal control is under continuing supervision by management to determine that it is functioning as prescribed and is modified, as appropriate, for changes in conditions. The Company endeavors to create the control environment with budgetary controls and an effective internal audit function.

40. STATUTORY AUDITORS

The resolution passed in the 1st Annual General Meeting of the Company held on 27th July, 2018, the members approved appointment of M/S Shah and Taparia, Chartered Accountants (Registration No. 109463W) as Statutory Auditors of the Company to hold office for a year of five years from the conclusion of 1st Annual General Meeting till the conclusion of the 6th Annual General Meeting.

Vide notification dated 7th May, 2018, the Ministry of Corporate Affairs has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting.

41. REPLY TO AUDITORS COMMENTS

1. As regards observations made by the Auditors in their Report under the Para (i) c) of Annexure B to the Auditors Report regarding holding of some of the assets, deposits and instruments in the name of erstwhile partnership firm, the Directors state that -

The Company was incorporated on 6th November, 2017 consequent upon conversion of erstwhile Partnership firm i.e. P. N. Gadgil & Sons, in accordance with section 366, Part I of Chapter XXI of the Companies Act, 2013. The Company is in the process of getting those assets, deposits and instruments registered in the name of the Company i.e. "P. N. Gadgil & Sons Ltd.", with the State Revenue Authorities and relevant Local Bodies.

2. As regards observations made by the Auditors in Para vii) b) of Annexure B to the Auditors Report regarding the dues outstanding towards various tax authorities, the Directors state that the said remark is self explanatory and does not call for any further explanation.
3. As regards observations made by the Auditors in 1 h) i) under caption "Report on Other Legal and Regulatory Requirements" of Auditors Report, regarding pending litigations, the Directors draw your attention to Note No 35 of Financial Statement under caption "Comments and contingencies" for further explanation

4. As regards observations made by the Auditors under caption "Emphasis of Matter Paragraph", regarding loss suffered by the company due to digital banking fraud during the Year, the Directors state that -

As stated under Note No 46 of Financial Statements, during the current FY 2019-20, the company was the target of Cyber- digital banking fraud wherein the bank accounts of the company were hacked. The amount that was fraudulently withdrawn from the Company's bank account was 29.84 millions. This amount was siphoned off by unidentified persons all over India by accessing the company's bank accounts. When the company realized this, it has promptly reported this fraud to the Police Authorities and has filed FIR with Cyber Crime Police, Pune. The Company also instructed the banks to freeze the bank accounts. Cyber Crime Police Pune has not yet concluded the investigation process. Hence, the company has booked the monetary business loss of Rs.29.84 millions in the books of accounts as approved in its Board of Directors in its meeting held on 18/05/2020.

42. SECRETARIAL AUDITOR

In accordance with the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed Ms. Avanti Rajwade, Practicing Company Secretary as the Secretarial Auditor of the Company. Ms. Avanti Rajwade, Practicing Company Secretary has submitted Secretarial Audit Report of the Company for financial Year ending on 31st March 2020 under Section 204 of the Companies Act, 2013 and the same is enclosed as Annexure F. It forms part of this report.

The reply to the Secretarial Auditor's Comment mentioned in point number (IV) is as under:

The Company was incorporated on 6th November, 2017 on conversion of Partnership firm in accordance with section 366, Part I of Chapter XXI of the Companies Act, 2013. Some of the fixed assets held in the name of P. N. Gadgil & Sons (erstwhile partnership firm) are in the process of getting registered with state revenue authorities and local bodies in the Company's name "P. N. Gadgil & Sons Ltd."

43. INTERNAL AUDITOR

In accordance with the provisions of Section 138 of the Companies Act, 2013 and the rules framed thereunder the Board of Directors have appointed M/s. Khandelwal Jain & Associates, Chartered Accountants, Pune (FRN 139253W) for the Financial Year ending 31st March, 2020.

44. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION & PROTECTION FUND

The Company does not have any funds lying unpaid or unclaimed for a year of seven years. Therefore, there were no funds which required to be transferred to Investor Education and Protection Fund (IEPF).



45. ACKNOWLEDGEMENTS:

The Directors place on record their sincere appreciation of the co-operation extended by the Bankers of the Company, Stakeholders, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review.

The Board further take opportunity to place on record its deep appreciation for the committed efforts by the employees of Company at all the levels.

For & on behalf of the Board
P. N. Gadgil & Sons Limited

sd/-

sd/-

Date: 10th July, 2020
Place: Pune

Govind Vishwanath Gadgil
DIN:00616617
Chairman & Whole time Director
576, N C Kelkar Road, Shaniwar
PethOppKesari Wada,Pune
411030

Amit Yeshwant
ModakDIN:00396631
Whole time Director & CEO
65 Indira Nagar C.H.S, Yashada
Deccan Gymkhana, Erandawane
Pune 411004



Annexure - A

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U36911PN2017PLC173262
- ii) Registration Date: 6th November, 2017
- iii) Name of the Company: **P. N. GADGIL & SONS LIMITED**
- iv) Category / Sub-Category of the Company: Non- Government Company limited by shares
- v) Address of the registered office: Abhiruchi Mall, S.No.59 /1-C, Wadgaon (BK), and contact details: Sinhgad Road, Pune 411041. Contact: 020- 24612000
- vi) Whether listed company ~~Yes~~/ No: No
- vii) Name, Address and Contact details: N.A.

of Registrar and Transfer Agent, if any:

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Gold & Silver and precious metals	3211	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and address of the Company	CIN/GLN	Holding/ subsidiary/associate	% of shares held	Applicable section
	NA				

IV. 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				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters and Promoter Group									
(1) Indian									
Individual/ HUF	3,33,71,670	0	3,33,71,670	98.82	3,35,89,628	0	3,35,87,523	99.46	0.64
Central Govt	0	0	0	0	0	0	0	0	0
State Govt (s)	0	0	0	0	0	0	0	0	0
Bodies Corp.	0	0	0	0	0	0	0	0	0
Banks/FI	0	0	0	0	0	0	0	0	0
Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)	3,33,71,670	0	3,33,71,670	98.82	3,35,89,628	0	3,35,87,523	99.46	0.64
(2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	3,33,71,670	0	3,33,71,670	98.82	3,35,89,628	0	3,35,87,523	99.46	0.64
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	1,40,446	1,40,446	0.69	26,339	50,009	76,348	0.23	0.46
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	98,892	98,892	0.49	33,334	70,001	1,03,335	0.31	0.18
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	0	2,39,338	2,39,338	1.18	59,673	1,20,010	1,79,683	0.54	0
Total Public Shareholding (B) = (B)(1) + (B)(2)	0	2,39,338	2,39,338	1.18					0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	2,02,62,339	2,02,62,339	100.00	59,673	1,20,010	1,79,683	100.00	1.28

(ii) Shareholding of Promoters and Promoter Group

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/encumbered to total shares	
1	Renu Govind Gadgil	1,48,14,815	43.87	0	1,50,47,333	44.56	0	0.69
2	Govind Vishwanath Gadgil	1,85,18,520	54.84	0	1,85,31,856	54.88	0	0.04
3	Jyoti Ravindra Paranjape j/w Ravindra Balwant Paranjape	3,334	0.01	0	3,334	0.01	0	0
4	Ravindra Vinayak Khadilkar	6,667	0.02	0	6,667	0.02	0	0
5	Rohini Udaya Kalkundrikar	3,334	0.01	0	0	0	0	0
6	Anjali Vishwanath Gadgil	25,000	0.07	0	5,000	0.02	0	0
	Total	3,33,71,670	98.82	0	33,770,599	99.49	0	0

(iii) Change in Promoters' and Promoter's group Shareholding (please specify, if there is no change)

S. No.	Name of Promoter and Promoter Group	Shareholding at the beginning of the year		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Renu Govind Gadgil	1,48,14,815	43.87	Transferred through NSDL/CDSL	Increase	Share Transfer	1,50,47,333	44.56
2	Govind Vishwanath Gadgil	1,85,18,520	54.84	Transferred through NSDL/CDSL	Increase	Share Transfer	1,85,31,856	54.88

S. No.	Name of Promoter and Promoter Group	Shareholding at the beginning of the year		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
3	Jyoti Ravindra Paranjape j/w Ravindra Balwant Paranjape	3,334	0.01	NA	1,334	No change	3,334	0.01
4	Ravindra Vinayak Khadilkar	6,667	0.02	N.A.	Decrease	Share transfer	0	0
5	Rohini Udaya Kalkundrikar	3,334	0.01	Transfer through CDSL/ NSDL	Decrease	Share Transfer	0	0
6	Anjali Vishwanath Gadgil	25,000	0.07	Transfer through CDSL/ NSDL	Decrease	Share Transfer	5,000	0.00
	At the End of the year	3,33,71,670	98.82				335,87,523	99.45

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Ganesh Hari Gadgil	26,667	0.08	N.A.	No change	N.A.	26,667	0.08
2.	Arundhati Ganesh Gadgil	26,667	0.08	N.A.	No change	N.A.	26,667	0.08
3.	Vasudeo Dhananjay Gadgil	16,667	0.05	N.A.	No change	N.A.	16,667	0.05
4.	Ganesh Hari Gadgil (HUF)	16,667	0.05	N.A.	No change	N.A.	16,667	0.05
5.	Dhananjay Hari Gadgil	16,667	0.05	N.A.	No change	N.A.	16,667	0.05

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
6.	Himagauri Vasudeo Gadgil	10,000	0.03	N.A.	No change	N.A.	10,000	0.03
7.	Neha Ganesh Gadgil	6,667	0.02	N.A.	No change	N.A.	6,667	0.02
8.	Nisha Ganesh Gadgil	6,667	0.02	N.A.	No change	N.A.	6,667	0.02

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Renu Govind Gadgil	1,48,14,815	43.87	Transferred through NSDL/CDSL	increase	Share Transfer	1,50,47,333	44.56
2	Govind Vishwanath Gadgil	1,85,18,520	54.84	Transferred through NSDL/CDSL	increase	Share Transfer	1,85,31,856	54.88
3	Amit Yeshwant Modak	55,372	0.16	Transferred through NSDL/CDSL	Decrease	Share Transfer	2,372	0.01

Sl. No.		Shareholding at the beginning of the year		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year	
4	Aditya Amit Modak	6,667	0.02	Transferred through NSDL/CDSL	Decrease	Share Transfer	100	0.00
5	Udaya Narayan Kalkundrikar	3,334	0.01	Transferred through NSDL/CDSL	Decrease	Share Transfer	0	0
5.	Avanti Nikhil Gulavani*	NIL	N.A.	N.A.	N.A.	N.A.	NIL	N.A.
6.	Apurva Anil Parai**	NIL	N.A.	N.A.	N.A.	N.A.	NIL	N.A.

*Ms. Avanti Gulavani was appointed as Company Secretary from 1st August 2018. She resigned from the post of Company Secretary and Compliance Officer on 29th January, 2020.

** Ms. Apurva Parai was appointed as Company Secretary from 30th January, 2020.

V. 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	2554040933	62945547	-	2616986480
ii) Interest due but not paid	2509403	-	-	2509403
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	2556550336	62945547	-	2619495883
Change in Indebtedness during the financial year				
• Addition*	2118216491	286936935	88950000	2494103426
• Reduction	(1546346616)	(150713)	-	(1546497329)
Net Change	571869875	286786222	88950000	947606097
Indebtedness at the end of the financial year				
i) Principal Amount	3128420210	349731769	88950000	3567101979
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3128420210	349731769	88950000	3567101979

*Note: There is inclusion of interest in indebtedness in addition and reduction during the financial year ended 31st March, 2020.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Govind Vishwanath Gadgil (WTD)	Renu Govind Gadgil (WTD)	Amit Yeshwant Modak (WTD & CEO)	
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	240,00,000	1,80,00,000	48,22,800	4,68,22,800
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission	3,00,00,000	3,00,00,000	-	6,00,00,000
- as % of profit				
- others, specify...				
Others, please specify (Incentive)	-	-	47,11,872	47,11,872
Total (A)	5,40,00,000	4,80,00,000	95,34,672	11,15,34,672

B. Remuneration to other directors:

1. Independent Directors:

Particulars of Remuneration	Name of Directors				Total Amount
	Ashish Khandelwal	Ashok Gokhale	Ranjeet Natu	Ashutosh Nanal	
• Fee for attending board/ committee meetings	70,000	60,000	70,000	50,000	2,50,000
• Commission	-	-	-	-	
• Others, please specify	-	-	-	-	

Particulars of Remuneration	Name of Directors				Total Amount
	Ashish Khandelwal	Ashok Gokhale	Ranjeet Natu	Ashutosh Nanal	
Total (1)	70,000	60,000	70,000	50,000	2,50,000

2. Other Non –Executive Directors:

Particulars of Remuneration	Name of Directors Udaya Kalkundrikar	Total Amount
• Fee for attending board/ committee meetings	10000	10,000
• Commission	-	-
• Others, please specify	-	-
Total (2)	10,000	10,000
Total (B) = (1 + 2)		2,60,000

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

Particulars of Remuneration	Key Managerial Personnel				Total
	CEO*	Avanti Gulavani Company Secretary***	Apurva Parai Company Secretary****	Aditya Modak CFO	
Gross salary					
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	5,62,802	1,16,502	15,38,757	22,18,061
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
Stock Option	-	-	-	-	-

Particulars of Remuneration	Key Managerial Personnel				
	CEO*	Avanti Gulavani Company Secretary***	Apurva Parai Company Secretary****	Aditya Modak CFO	Total
Sweat Equity	-	-	-	-	-
Commission - as % of profit - others, specify...	-	-		12,79,803	-
Others, please specify (Incentive)	-	-			
Total	-	5,62,802	1,16,502	28,18,560	22,18,061

* Whole time Director is also the CEO, whose salary details are covered in VI A above.

***Ms. Avanti Gulavani was appointed as Company Secretary from 1st August 2018. She resigned from the post of Company Secretary and Compliance Officer on 29th January, 2020.

**** Ms. Apurva Parai was appointed as Company Secretary from 30th January, 2020.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

For & on behalf of the Board
P. N. Gadgil & Sons Limited

sd/-

sd/-

Date: 10th July, 2020
Place: Pune

Govind Vishwanath Gadgil
DIN:00616617
Chairman & Whole time Director
576, N C Kelkar Road, Shaniwar
PethOppKesari Wada, Pune 411030

Amit Yeshwant Modak
DIN:00396631
Whole time Director & CEO
65 Indira Nagar C.H.S, Yashada Deccan
Gymkhana, Erandawane Pune 411004



Annexure B

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 arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	NA
(c)	Duration of the contracts/arrangements/transactions	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
(e)	Justification for entering into such contracts or arrangements or transactions	NA
(f)	Date of approval by the Board	NA
(g)	Amount paid as advances, if any:	NA
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	NA
(b)	Nature of contracts/arrangements/transactions	NA
(c)	Duration of the contracts/arrangements/transactions	NA
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	NA
(e)	Date(s) of approval by the Board, if any:	NA
(f)	Amount paid as advances, if any:	NA

For & on behalf of the Board
P. N. Gadgil & Sons Limited

Date: 10th July, 2020
Place: Pune

Sd/-
Govind Vishwanath Gadgil
DIN:00616617
Chairman & Whole time Director
576, N C Kelkar Road, Shaniwar
Peth OppKesar Wada, Pune 411030

sd/-
Amit Yeshwant Modak
DIN:00396631
Whole time Director & CEO
65 Indira Nagar C.H.S, Yashada
Deccan Gymkhana, Erandawane
Pune 411004

Annexure C

P. N. GADGIL & SONS LIMITED

FOR FILING ANNUAL RETURN OF FY 2019-20 :

The Board of directors, shall, inter alia, disclose in the Directors' Report for the year ended 31st March, 2020, the following details of the Employees Stock Option Scheme:

Sr. No.	Particulars	Details
1.	options granted	2,30,000
2.	options vested;	NIL
3.	options exercised;	NIL
4.	the total number of shares arising as a result of exercise of option;	NIL
5.	options lapsed;	18,000
6.	the exercise price;	210/-
7.	variation of terms of options;	NIL
8.	money realized by exercise of options;	NIL
9.	total number of options in force;	2,06,000
10.	employee wise details of options granted to;	18,000
	(i) key managerial personnel;	(Shares includes 6000 shares granted to Ms. Avanti Gulavani, Company Secretary, who resigned as Company Secretary w.e.f. 20.01.2020)
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	NIL
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	NIL

For & on behalf of the Board
P. N. Gadgil & Sons Limited

Date: 10th July, 2020
Place: Pune

Sd/-
Govind Vishwanath Gadgil
Chairman & Whole time Director
DIN:00616617
576, N C Kelkar Road, Shaniwar
PethOppKesari Wada, Pune 411030

Sd/-
Amit Yeshwant Modak
Whole time Director & CEO
DIN:00396631
65 Indira Nagar C.H.S, Yashada Deccan
Gymkhana, Erandawane Pune 411004

CORPORATE SOCIAL RESPONSIBILITY (CSR)

(Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014)

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:	The CSR Committee has formulated CSR policy and to spent CSR corpus on primary on education, Eradicating hunger, Promoting preventive health care, setting up of homes for orphans and Protection of national heritage, art and culture. CSR policy can be accessed at: https://www.pngadgilandsons.com/ .
2.	The Composition of the CSR Committee:	Mr. Ashok Namdeo Gokhale – Chairman
		Mr. Govind Vishwanath Gadgil – Member
		Mr. Amit Yeshwant Modak – Member
3.	Net profit of the company for last financial year (as the company is incorporated on 6th November 2017):	Rs. 63,83,06,174/-
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):	Rs. 1,22,68,128/-
5.	Details of CSR spent during the financial year:	
	(a) Total amount to be spent for the financial year	Rs. 1,22,68,128/-
	(b) Amount spent	Rs. 1,23,22,673/-
	(c) Amount unspent , if any	NIL

(d) Manner in which the amount spent during the financial year 2019-20 is detailed below:

S r. No.	CSR Project/ activity identified	Sector in which project is covered	Projects/Programmes 1. Local area/ others 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project/ program wise	Amount spent on the projects/programs Sub-heads : (!) Direct expenditure on projects (2) Overheads	Cumulative spend upto the reporting year	Amount spent direct or through implementing agency
1	Promoting education, special educational and employment enhancing vocation skills especially among the differently abled and livelihood enhancement	<u>Schedule VII (ii)</u> -Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	2 Maharashtra-Pune	5,50,000	Direct expenditure on projects	5,50,000	Direct
2	Eradication of hunger, Health Project support	<u>Schedule VII (i)</u> -Eradicating hunger, Promoting preventive health care	1 Maharashtra-Pune	12,500	Direct expenditure on projects	12,500	Direct
3	Tree plantation	<u>Schedule VII (iv)</u> - Environmental sustainability	1 Maharashtra – Pune	15,000	Direct expenditure on projects	15,000	Direct
4	Promoting rural sports	<u>Schedule VII (vii)</u> - Promoting rural sports	1 Maharashtra-Pune	15,000	Direct expenditure on projects	15,000	Direct
5	Artist identification promotion, Protection of national heritage, restoration of buildings and sites of historical importance, public libraries, promotion of traditional art	<u>Schedule VII (v)</u> -Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts	1 Maharashtra-Pune	1,11,15,173	Direct expenditure on projects	11,115,173	Direct
6	Measures for benefit of armed forces	<u>Schedule VII (vi)</u> -Measures for the benefit of armed forces veterans, war widows and their dependents	.Maharashtra-Pune	1,00,000	Direct expenditure on projects	1,00,000	Direct

7	Promoting gender equality, Empowering Women	<u>Schedule VII (iii) -</u> Promoting gender equality, Empowering Women	Maharashtra- Amravati	15,000	Direct expenditure on projects	15,000	Direct
8	Disaster management	<u>Schedule VII(xii) -</u> Disaster management	Maharashtra- Pune	5,00,000	Direct expenditure on projects	5,00,000	Direct
			Total	1,23,22,673			

6. Reasons for not spending the amount on CSR: The Company could not identify the suitable CSR projects.

7. Responsibility Statement:

We hereby confirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of CSR projects and activities in compliance with CSR objectives.

For & on behalf of the Board
P. N. Gadgil & Sons Limited

Sd/-
Govind Vishwanath Gadgil
DIN:00616617
Chairman & Whole time Director
576, N C Kelkar Road, Shaniwar
PethOppKesari Wada, Pune 411030

sd/-
Amit Yeshwant Modak
DIN:00396631
Whole time Director & CEO
65 Indira Nagar C.H.S, Yashada
Deccan Gymkhana, Erandawane
Pune 411004

Date: 10th July, 2020
Place: Pune

Sd/-
Ashok Gokhale
Chairman of CSR Committee
DIN : Independent Director
Residing at Plot No 32,
Sangam Nagar, Pune-
Satara road Padmavati Pune
411037

AVANTI RAJWADE
Company Secretary
804 B, Rajwade House,
Lane No 14, Bhandarkar Road,
Deccan Gymkhana,
Pune – 411004
Csavantirajwade3@gmail.com
9028193458

Form No. MR-3

Secretarial Audit Report

For the financial year ended **31 March 2020**

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

To,
The Members,
P. N. Gadgil & Sons Limited
CIN: U36911PN2017PLC173262
Abhiruchi Mall, S.No.59 /1-C, Wadgaon (BK),
Sinhgad Road, Pune MH 411041 IN

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **P. N. Gadgil & Sons Limited** (hereinafter called as “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.

Part A

I) Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and produced before me 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 ended on **31 March 2020**, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (*)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992; ('SEBI Act'); (*)
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (*)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended ;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (*)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (*)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (*)
 - (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; (*)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (*) and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (*)

(*) The provisions of these Acts / Regulations / Guidelines were not applicable to the Company during the year under report.

- (vi) The other law/s, as informed and certified by the management of the Company which is / are specifically applicable to the Company based on the sector/industry, is / are:

Bureau of Indian Standards Act, 2016 and Rules & Regulations framed there under

III) 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 Stock Exchange(s); No such agreement is executed, since the Company is a non-listed entity;

IV) During the year under report, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

The assets and liabilities of 'P.N. Gadgil & Sons' the erstwhile Partnership Firm registered under the Indian Partnership Act, 1932 (hereinafter called as the Firm) were vested in the company consequent upon registration of the firm as a Public Company under the name and style 'P. N. Gadgil & Sons Limited' under Part I of Chapter XXI of the Companies Act, 2013 with effect from 6th November 2017. At the financial year ended 31 March 2020, some of the assets as mentioned below are still held in the name of the erstwhile firm and the company is in process of getting the same transferred in its name.

Type of Asset	Total number of cases	Gross Block (Rs. in millions)	Net Block (Rs. in millions)
Land	1	109.05	109.05
Building	3	271.88	255.45

V) I further report that;

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the year under report.

(ii) 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. Consent of all the Directors has been obtained in cases where notice, agenda and detailed notes on agenda were sent at a shorter notice. 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.

(iii) Based on inspection of the minutes of the Board of Directors and its Committees, there were no dissenting views expressed by any member of the Board of Directors and / or its Committees in any of the meetings.

VI) I further report that there are 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.

VII) I further report that during the audit period, except for the following events, there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.,

- a) As informed by the management and as per the financial statement for the year 2019-20, the company was the target of Cyber- digital banking fraud wherein the bank accounts of the company were hacked . The amount that was fraudulently withdrawn from the Company's bank account was 29.84 millions. This amount was siphoned off by unidentified persons all over India by accessing the company's bank accounts. When the company realized this , it has promptly reported this fraud to the Police Authorities and has filed FIR with Cyber Crime Police, Pune. The Company also instructed the banks to freeze the bank accounts. Cyber Crime Police Pune has not yet concluded the investigation process. Hence, the company has booked the monetary business loss of Rs.29.84 millions in the books of accounts as approved in the Board of Directors Meeting held on 18/05/2020.
- b) The Company has filed a Draft Red Herring Prospectus (DRHP) dated 4th May 2018 with SEBI for an Initial Public Offer (IPO) and the final Observation Letter has been received from SEBI on 13th July 2018. However, the issue has not been opened for subscription within 12 months from the aforesaid Observation Letter. Hence, the DRHP has been lapsed.

Part B

This forms part of my Secretarial Audit Report

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

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune

Date: 10 July, 2020

Avanti Rajwade
Company Secretary
ACS No: 30219
C P No: 20728
UDIN : A30219B000437263

INDEPENDENT AUDITOR'S REPORT

To the Members of P. N. Gadgil & Sons Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of P. N. Gadgil & Sons Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Cash Flow Statement and the Statement of Changes in Equity for the period from April 1, 2019 to March 31, 2020, and 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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit including other comprehensive income, its cash flows and the changes in equity for the period from April 1, 2019 to March 31, 2020.

Basis for Opinion

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

Key Audit Matters

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

- Allowance for credit losses

The Company considered current and anticipated future economic conditions relating to industries the Company deals with to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

Principal Audit Procedures

We tested the effectiveness of controls over the (1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of the allowance for credit losses.

Emphasis of Matter Paragraph

Without Qualifying our Opinion ,We draw your attention to Note No. 46 in the IND AS financial statements, which states about the loss suffered by the company due to digital banking fraud during the Year.

Management’s Responsibility for the Ind AS Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS 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 March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Shah & Taparia
Chartered Accountants
Firm Registration No: 109463W

Ramesh Pipalawa
Partner
Membership Number: 103840
Place of Signature: Pune
Date: 10-07-2020
UDIN:20103840AAAIF2833

Annexure A referred to in paragraph 1 (f) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

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

We have audited the internal financial controls over financial reporting of P. N. Gadgil & Sons Limited (“the Company”) as of 31 March, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the period from April 1, 2019 to March 31, 2020.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Shah & Taparia
Chartered Accountants
Firm Registration No: 109463W

Ramesh Pipalawa
Partner
Membership Number: 103840
Place of Signature: Pune
Date: 10-07-2020
UDIN:20103840AAAIF2833

:

Annexure B referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of fixed assets, by which all fixed assets are verified in a phased manner. In our opinion, the periodicity of verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, based on the examination of the registered sale deeds/ transfer deeds/ conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of erstwhile partnership firm which got converted into the company on 6th November 2017 by way of operation of law under Section 366, Part, XXI of the Companies Act 2013. According to explanation from the management, all properties are deemed to be transferred/vested to the company from erstwhile firm by operation of law u/s 366 of the Co Act 2013.

Type of Asset	Total number of cases	Gross Block (Rs. in millions)	Net Block (Rs. in millions)
Land	1	109.05	109.05
Building	3	271.88	255.45

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (ii) (a), (b) and (c) of the order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans given in respect of which provisions of section 185 of the Act are applicable and hence not commented upon. The Company has complied with the provisions of section 186 of the Act, with respect to the investments made.

(v) The company has accepted deposits as per the scheme framed by the company, the said deposits are within the meaning of Section 73 to 76 and all provisions of the said sections have been complied with by the company.

- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Service Tax, Customs Duty, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date of becoming payable.
- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in millions)	Period to which the amount relates	Authority where dispute is pending	Remarks, if any
Income Tax act, 1961	Income Tax	8.10*	AY 2018-19	Commissioner of Income Tax (Appeals)	-

*net of amount deposited under protest.

- (viii) In our opinion and according to the explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company does not have any loans or borrowings from any financial institution, government or debenture holders during the period.
- (ix) In our opinion, money which were raised by way of term loans have been applied for the purpose for which they were raised. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees during the course of our audit.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Ind AS.

- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of fully paid equity shares during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

- (xvi) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

**For Shah & Taparia
Chartered Accountants
Firm Registration No: 109463W**

Ramesh Pipalawa
Partner
Membership Number: 103840
Place of Signature: Pune
Date: 10-07-2020
UDIN:20103840AAAIF2833

P. N. Gadgil & Sons Limited
Balance Sheet as at March 31,2020

Particulars	Notes	(Rs. in million)	
		As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	763.69	838.88
Capital work-in-progress	3	-	-
Investment property	4	-	33.74
Intangible assets	5	8.74	9.90
Right to use Lease Asset	6	233.14	-
Financial assets			
- Investments	7	7.51	7.51
- Other financial assets	7	78.61	91.92
Deferred tax assets (net)	18	4.22	-
Total Non-current assets		1,095.92	981.95
Current assets			
Inventories	8	5,717.37	4,085.32
Financial assets			
- Other financial assets	7	1,035.70	35.00
- Trade receivables	9	12.77	85.26
- Cash and cash equivalents	10	139.07	219.35
- Other bank balances	11	3.54	-
Income Tax assets (Net)		31.72	31.72
Other current assets	12	71.49	491.87
Total Current assets		7,011.66	4,948.51
Total Assets		8,107.58	5,930.46

The accompanying notes are an integral part of the financial statements

P. N. Gadgil & Sons Limited
Balance Sheet as at March 31,2020

(Rs. in million)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	13	337.71	337.71
Other equity	14	1,997.16	1,497.16
Total Equity		2,334.86	1,834.87
Non-current liabilities			
Financial liabilities			
- Lease Liability	15	250.12	-
- Borrowings	16	88.95	106.00
Provisions	17	34.78	24.37
Deferred tax liabilities (net)	18		1.14
Total Non-current liabilities		373.85	131.52
Current liabilities			
Financial liabilities			
- Borrowings	16	3,478.15	2,311.89
- Other financial liabilities	16	-	201.60
- Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		30.79	3.10
Total outstanding creditors other than micro and small enterprises		244.77	203.59
Secured Trade Payables - Gold Metal Loan		-	-
(Gold metal loans secured against Fixed Deposits with Bank)			
Provisions	17	1.75	3.67
Current tax liabilities (net)	20	6.70	2.41
Other current liabilities	21	1,636.70	1,237.82
Total Current liabilities		5,398.86	3,964.08
Total Liabilities		5,772.71	4,095.59
Total Equity and Liabilities		8,107.58	5,930.46

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Shah & Taparia

Chartered Accountants

Firm Registration No: 109463W

Ramesh Pipalawa

Partner

Membership No.: 103840

Place: Pune

Date: 10th July 2020

UDIN : 20103840AAAIF2833

For and on behalf of the Board of Directors of

P. N. Gadgil & Sons Limited

CIN: U36911PN2017PLC173262

Govind Gadgil

Chairman and Whole-time Director
DIN: 00616617

Place: Pune

Date: 10th July 2020

Amit Modak

Whole-time Director and Chief Executive Officer
DIN: 00396631

Place: Pune

Date: 10th July 2020

Aditya Modak

Chief Finance Officer
Place: Pune
Date: 10th July 2020

Apurva Parai

Company Secretary
Membership No.32972
Place: Pune
Date: 10th July 2020

P. N. Gadgil & Sons Limited
Statement of Profit and Loss for the year ended March 31,2020

(Rs. in million)			
Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	22	20,728.35	20,048.32
Other income	23	35.56	9.51
Total Income		20,763.91	20,057.83
Expenses			
Cost of goods sold	24	18,436.50	17,813.18
Employee benefits expense	25	527.56	460.37
Finance cost	26	246.48	255.83
Depreciation and amortization expense	27	168.41	80.26
Other expenses	28	513.32	550.07
Total		19,892.28	19,159.71
Profit before tax		871.64	898.12
Tax expense :			
Current tax	18	233.09	261.29
Previous Year's tax		(1.24)	
Deferred tax charge / (credit)	18	(4.41)	(1.48)
Total tax expense		227.44	259.82
Profit after tax		644.20	638.31
Other Comprehensive Income (OCI)			
Items that will not be reclassified to profit or loss :			
Re-measurement gain / (loss) on defined benefit plans		(3.79)	(1.66)
Effect of income tax		0.95	0.48
Other Comprehensive Income, net of tax		(2.83)	(1.18)
Total Comprehensive Income, net of tax		641.36	637.13
Basic and Diluted Earnings Per Share (EPS)	29	19.08	18.90
(Nominal value per share Rs 10)			
<i>*Not annualised</i>			

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Shah & Taparia
Chartered Accountants
Firm Registration No: 109463W

For and on behalf of the Board of Directors of
P. N. Gadgil & Sons Limited
CIN: U36911PN2017PLC173262

Ramesh Pipalawa
Partner
Membership No.: 103840
Place: Pune
Date: 10th July 2020
UDIN : 20103840AAAIF2833

Govind Gadgil
Chairman and Whole-time Director
DIN: 00616617
Place: Pune
Date: 10th July 2020

Amit Modak
Whole-time Director and Chief Executive Officer
DIN: 00396631
Place: Pune
Date: 10th July 2020

Aditya Modak
Chief Finance Officer
Place: Pune
Date: 10th July 2020

Apurva Parai
Company Secretary
Membership No.32972
Place: Pune
Date: 10th July 2020

P. N. Gadgil & Sons Limited
Statement of Changes in Equity for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Opening balance	337.71	202.62
Add: Bonus shares issued	-	135.08
Total	337.71	337.71

B. OTHER EQUITY

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
i. Retained earnings		
Opening balance	740.02	203.37
Profit/(loss) for the year	644.20	638.31
Other comprehensive income	(2.83)	(1.18)
Less :		
Transfer to Inventory Price Risk Reserve	40.00	30.00
Transfer to General Reserve	38.90	35.00
Dividend & Distribution Tax thereon	101.70	35.48
IPO Expenses written off	43.71	-
Total	1,157.07	740.02
ii. Other Reserves		
General Reserve		
Opening balance	61.10	26.10
Transfer during the year	38.90	35.00
Total	100.00	61.10
Securities Premium		
Opening balance	628.78	766.95
Amount utilised for bonus issue	-	(135.08)
Share issue expenses	-	(3.08)
Total	628.78	628.78
Inventory Price Risk Reserve		
Opening balance*	60.39	30.00
Transfer during the year	40.00	30.00
Interest income on the investment	2.04	0.51
Tax effect on interest income	(0.51)	(0.11)
Total	101.92	60.39

P. N. Gadgil & Sons Limited
Statement of Changes in Equity for the year ended March 31, 2020

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Share Options Outstanding Account		
Opening balance	6.86	-
Share based payments to employees (Refer Note 31)	2.52	6.86
Total	9.38	6.86
Total Other Equity	1,997.16	1,497.16

* Opening Balance of Inventory Price Risk Reserve is backed up by Fixed Deposits

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Shah & Taparia
Chartered Accountants
 Firm Registration No: 109463W

For and on behalf of the Board of Directors of
P. N. Gadgil & Sons Limited
 CIN: U36911PN2017PLC173262

Ramesh Pipalawa

Partner

Membership No.: 103840

Place: Pune

Date: 10th July 2020

UDIN : 20103840AAAIF2833

Govind Gadgil

Chairman and Whole-time Director

DIN: 00616617

Place: Pune

Date: 10th July 2020

Amit Modak

Whole-time Director and

Chief Executive Officer

DIN: 00396631

Place: Pune

Date: 10th July 2020

Aditya Modak

Chief Finance Officer

Place: Pune

Date: 10th July 2020

Apurva Parai

Company Secretary

Membership No.32972

Place: Pune

Date: 10th July 2020

P. N. Gadgil & Sons Limited
Cash Flow Statement for the year ended March 31, 2020

		(Rs. in million)	
Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flows from Operating Activities			
Profit before tax from continuing operations		871.64	898.12
Profit before tax		871.64	898.12
Adjusted for:			
Depreciation on property, plant and equipment	27	82.57	79.37
Amortization on intangible assets	27	1.16	0.89
Other Comprehensive Income		(3.79)	-
Amortization on Right to use Lease Asset	27	84.68	-
Amortization of prepaid security deposit	28	-	-
Interest On Security Deposits	23	-	-
Interest income	23	(29.35)	(0.21)
Finance cost	26	219.21	255.83
Lease Interest		27.27	
Loss on sale of assets	28	0.18	0.56
Lease Rent Payment	15	(94.97)	-
Share based payments to employees (Refer Note 31)	25	2.52	6.86
IPO Expense reversed	14	(43.71)	-
Profit on sale of Investment	23	(1.05)	(1.70)
Loss on sale of Investment Property	28	10.74	-
Operating profit before working capital changes		1,127.09	1,239.73
Working capital adjustments :			
Increase/(Decrease) in trade payables	19	68.87	(107.25)
Increase/(Decrease) in provisions	17	8.49	4.81
Increase/(Decrease) in other current liabilities	21	398.88	495.61
(Increase)/Decrease in inventory	8	(1,632.05)	(265.33)
(Increase)/Decrease in trade receivables	9	72.49	(68.86)
(Increase)/Decrease in other financial assets	7	(46.82)	(23.21)
(Increase)/Decrease in other assets	12	420.38	(353.92)
		(709.76)	(318.16)
Income tax paid	18	228.07	284.94
Net cash flows from / (used in) operating activities (A)		189.26	636.63

P. N. Gadgil & Sons Limited
Cash Flow Statement

		(Rs. in million)	
Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
B. Cash Flows from Investing Activities			
Purchase of property, plant and equipment	3	(7.59)	(97.57)
Proceeds from sale of property, plant and equipment	3	0.03	0.42
Purchase of investment	7	(1,550.00)	(1,625.00)
Sale of investment	7	1,551.05	1,626.70
Sale of Investment Property	7	23.00	
Investment in Fixed Deposit	7	(940.57)	(30.84)
Changes in other bank balances	11	(3.54)	0.67
Interest income	23	31.38	0.24
Net cash flow from/(used in) investing activities (B)		(896.23)	(125.38)
C. Cash Flows from Financing Activities			
Disbursement / (repayment) of borrowings			
Non-current borrowings	16	(17.05)	(330.47)
Current borrowings	16	1,166.26	(69.87)
Other financial liabilities	16	(201.60)	166.82
Finance costs	26	(219.21)	(255.83)
Dividends (including dividend distribution tax)	14	(101.70)	(35.48)
Share Issue Expenses	14	-	(3.08)
Proposed IPO Expenses	12		(37.38)
Net cash flow from / (used in) financing activities (C)		626.70	(565.30)
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(80.27)	(54.05)
Cash and cash equivalents at the beginning of the year		219.35	273.40
Cash and cash equivalents in the statement of cash flows		139.07	219.35
Components of cash and cash equivalents			
Cash on hand	10	25.59	52.48
Cheques on hand	10	0.31	3.47
Balance with Banks			
- on current account	10	113.17	163.40
Total cash and cash equivalents		139.07	219.35

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Shah & Taparia
Chartered Accountants

Firm Registration No: 109463W

For and on behalf of the Board of Directors of
P. N. Gadgil & Sons Limited

CIN: U36911PN2017PLC173262

Ramesh Pipalawa

Partner

Membership No.: 103840

Place: Pune

Date: 10th July 2020

UDIN: 20103840AAAAIF2833

Govind Gadgil

Chairman and Whole-time Director

DIN: 00616617

Place: Pune

Date: 10th July 2020

Amit Modak

Whole-time Director and Chief Executive Officer

DIN: 00396631

Place: Pune

Date: 10th July 2020

Aditya Modak

Chief Finance Officer

Place: Pune

Date: 10th July 2020

Apurva Parai

Company Secretary

Membership No.32972

Place: Pune

Date: 10th July 2020

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

GROSS BLOCK

Particulars	(Rs. in million)							
	Freehold Land	Buildings	Furniture & Fixtures	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2019	109.05	271.88	437.45	157.28	90.45	31.06	31.59	1,128.76
Additions	-	-	0.47	3.20	0.11	0.73	3.07	7.59
Disposals	-	-	-	2.80	-	0.06	-	2.86
As at March 31, 2020	109.05	271.88	437.93	157.69	90.56	31.74	34.66	1,133.49

ACCUMULATED DEPRECIATION

Particulars	(Rs. in million)							
	Freehold Land	Buildings	Furniture & Fixture	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2019	-	12.12	127.30	91.44	28.94	21.69	8.39	289.88
Depreciation expense	-	4.30	41.60	19.61	8.51	4.59	3.98	82.59
Accumulated Depreciation on Disposals	-	-	-	2.60	-	0.05	-	2.65
As at March 31, 2020	-	16.43	168.89	108.45	37.45	26.23	12.37	369.82

NET BLOCK

Particulars	(Rs. in million)							
	Freehold Land	Buildings	Furniture and Fixtures	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2019	109.05	259.75	310.16	65.84	61.51	9.37	23.19	838.88
As at March 31, 2020	109.05	255.45	269.03	49.23	53.11	5.51	22.29	763.67

Particulars	(Rs. in million)
Opening CWIP (April 1, 2019)	-
Add: Additions during the year	0.04
Less: Transfer to property, plant and equipment	0.04
Closing CWIP (March 31, 2020)	-

*Capital work in progress mainly comprise of Computers, Furniture & Fixture, Electrical Installation, Office Equipment.

P. N. Gadgil & Sons Limited

Notes to Financial Statements for the year ended March 31, 2020

For the year ended March 31, 2019

GROSS BLOCK

(Rs. in million)

Particulars	Freehold Land	Buildings	Furniture & Fixtures	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2018	109.05	271.88	380.42	139.26	79.80	28.53	30.62	1,039.55
Additions	-	-	57.04	18.31	10.64	2.53	2.41	90.94
Disposals	-	-	-	0.29	-	-	1.44	1.73
As at March 31, 2019	109.05	271.88	437.45	157.28	90.45	31.06	31.59	1,128.76

ACCUMULATED DEPRECIATION

(Rs. in million)

Particulars	Freehold Land	Buildings	Furniture & Fixtures	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2018	-	7.87	89.18	71.10	21.03	16.93	5.16	211.26
Depreciation expense	-	4.26	38.12	20.62	7.91	4.76	3.71	79.37
Accumulated Depreciation on Disposals	-	-	-	0.27	-	-	0.48	0.75
As at March 31, 2019	-	12.12	127.30	91.44	28.94	21.69	8.39	289.88

NET BLOCK

(Rs. in million)

Particulars	Freehold Land	Buildings	Furniture and Fixtures	Office Equipments	Electrical Installations	Computers	Vehicles	Total
As at April 1, 2018	109.05	264.01	291.24	68.16	58.78	11.61	25.46	828.29
As at March 31, 2019	109.05	259.75	310.16	65.84	61.51	9.37	23.19	838.88

Particulars	(Rs. in million)
Opening CWIP (April 1,2018)	-
Add: Additions during the year	21.87
Less: Transfer to property, plant and equipment	21.87
Closing CWIP (March 31,2019)	-

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

4 INVESTMENT PROPERTY		(Rs. in million)	
Particulars	As at March 31, 2020	As at March 31, 2019	
Plot at Baramati	-	33.74	
Total Investment Property (Refer Note 34)	-	33.74	

5 INTANGIBLE ASSETS		(Rs. in million)	
Following are the changes for the year ended March 31, 2020			
Particulars	Computer Software	Total	
GROSS BLOCK			
As at April 1, 2019	12.26	12.26	
Additions during the period	-	-	
Disposals during the period	-	-	
As at March 31, 2020	12.26	12.26	
AMORTIZATION			
As at April 1, 2019	2.36	2.36	
Amortization for the period	1.16	1.16	
Amortization on disposals	-	-	
As at March 31, 2020	3.52	3.52	
NET BLOCK			
As at April 1, 2019	9.90	9.90	
As at March 31, 2020	8.74	8.74	

For the year ended 31st March, 2019		(Rs. in Amounts)	
Particulars	Computer Software	Total	
GROSS BLOCK			
As at April 1, 2018	5.63	5.63	
Additions	6.63	6.63	
Disposals	-	-	
As at March 31, 2019	12.26	12.26	
AMORTIZATION			
As at April 1, 2018	1.47	1.47	
Amortization for the period	0.89	0.89	
Accumulated amortization on Disposals	-	-	
As at March 31, 2019	2.36	2.36	
NET BLOCK			
As at April 1, 2018	4.16	4.16	
As at March 31, 2019	9.90	9.90	

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

6 RIGHT TO USE LEASE ASSET

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Opening for the period	-	-
Additions	317.82	-
Amortisation	84.68	-
Closing for the period	233.14	-

7 FINANCIAL ASSETS

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
i) Investments		
Unquoted equity shares (Fair Value Through Profit and Loss)		
The Shamrao Vitthal Co-operative Bank (100 Equity shares of Rs.25 each, fully paid up)	0.00*	0.00*
The Vishweshwar Sahakari Bank (100 Equity shares of Rs.50 each, fully paid up)	0.01	0.01
Unquoted preference shares (Fair Value Through Profit and Loss)		
The Shamrao Vitthal Co-operative Bank (7,50,500 Preference shares of Rs.10 each, fully paid up)	7.51	7.51
Total Investments	7.51	7.51
Non-current	7.51	7.51
Aggregate cost of unquoted investments	7.51	7.51
Aggregate amount of impairment in value of investments		-
<i>*0.00 denotes amounts.</i>		
ii) Other financial assets		
Non - Current		
Fixed Deposits against Inventory Price Risk Reserve with maturity of more than 12 months at balance sheet date	30.00	31.84
- Accrued interest	0.90	0.62
Security deposits		
- to others	33.01	40.92
- to related parties (Refer Note 36)	14.69	18.54
Total Non-Current Other Financial Assets	78.61	91.92
Current		
Margin money deposit	1.55	3.10
Security deposits	0.55	2.49
Other receivables	40.67	29.42
Fixed Deposits with maturity of less than 12 months at balance sheet date	942.41	-
Fixed Deposits against Inventory Price Risk Reserve (maturity of less than 12 months at balance sheet date)	30.00	-
- Accrued interest	20.51	
Total Current Other Financial Assets	1,035.70	35.00
Total Other Financial Assets	1,114.31	126.92

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

8 INVENTORIES

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Finished Goods*	5,717.37	4,085.32
Total Inventories	5,717.37	4,085.32

**valued at lower of cost and net realisable value*

9 TRADE RECEIVABLES

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables*		
- Unsecured, considered good	12.77	85.26
- Significant increase in credit risk	10.01	9.99
Less: Allowance for doubtful debts	(10.01)	(9.99)
Total Trade Receivables	12.77	85.26

**No material trade receivables are due from directors or other officers of the company, either severally or jointly with any other person.*

10 CASH AND CASH EQUIVALENTS

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- on current accounts	113.17	163.40
Cheques on hand	0.31	3.47
Cash in hand	25.59	52.48
Total Cash and Cash Equivalents	139.07	219.35

11 OTHER BANK BALANCES

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with original maturity of more than 3 months but less than 12	3.52	-
- Accrued interest	0.01	-
Total Other Bank Balances	3.54	-

**on lien with the bank*

12 OTHER CURRENT ASSETS

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
IPO Expenses	-	37.38
Advance to creditors	6.97	426.50
Prepaid expenses		
- on security deposit	13.37	-
- on others	13.22	27.09
Balance receivable from statutory authorities	37.93	0.91
Total Other current assets	71.49	491.87

13 SHARE CAPITAL

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
EQUITY SHARE CAPITAL		
Authorized share capital		
60,000,000 (March 31, 2018: 60,000,000) Equity shares of Rs 10 each	600.00	600.00
Issued, subscribed and fully paid up		
33,770,599 (March 31, 2018: 20,262,339) equity shares of Rs 10 each	337.71	337.71
a. Reconciliation of number of shares		
Authorized share capital		
60,000,000 Equity Shares of Rs 10 each	600.00	600.00
Total	600.00	600.00
Issued, subscribed and fully paid up		
Opening balance	337.71	202.62
Add: Bonus shares issued	-	135.08
Total	337.71	337.71

Bonus issue

Pursuant to the approval of members in their extra-ordinary general meeting held on 18th April, 2018, the Board of Directors has allotted 1,35,08,260 equity shares as bonus shares by capitalisation of securities premium Rs 135,082,600 in their meeting held on 23rd April, 2018 in the proportion of 2 new equity shares of Rs. 10/- each for every 3 existing fully paid equity shares of Rs. 10/- each held by the members of the Company as on the Record Date i.e. 20th April, 2018.

Dividends

The Board of Directors at its meeting held on April 29, 2019, recommended a final dividend of Rs.2.5/- per share on pro-rata basis for the financial year ending 31st March, 2019. The recommendation was accepted by the members in the Annual General Meeting held on May 27, 2019. The payment is made to the shareholder on 3rd June, 2019.

Shares reserved for issue under options

For details of shares reserved for issue under the Share based payment plan of the company, please refer note 31.

b. Terms and rights attached to equity shares

The company has only one class of equity shares having face value of Rs.10 per share . Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company , the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% share in the Company (No. of shares)

Particulars	As at	
	March 31, 2020	March 31, 2019
Govind Gadgil	18,531,856	18,518,520
Renu Gadgil	15,047,333	14,814,815

d. Details of shareholders holding more than 5% share in the Company (% shareholding)

Particulars	As at	
	March 31, 2020	March 31, 2019
Govind Gadgil	54.88%	54.84%
Renu Gadgil	44.56%	43.87%

(Minority Shareholding as on Balance Sheet Date is 0.56%.)

14 OTHER EQUITY

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
i. Retained earnings		
Opening balance	740.02	203.37
Profit for the year	644.20	638.31
Other Comprehensive Income	(2.83)	(1.18)
Less :		-
Transfer to Inventory Price Risk Reserve	40.00	30.00
Transfer to General Reserve	-	35.00
Dividend distributed	101.70	35.48
Preliminary Expenses	-	-
IPO Expenses written off	43.71	-
Total	1,195.97	740.02
ii. Other Reserves		
General Reserve		
Opening balance	61.10	26.10
Transfer during the quarter	-	35.00
Total	61.10	61.10

(Rs. in million)		
Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium		
Opening balance	628.78	766.95
Amount utilised for bonus issue	-	(135.08)
Share issue expenses	-	(3.08)
Total	628.78	628.78
Inventory Price Risk Reserve		
Opening balance	60.39	30.00
Transfer during the year	40.00	30.00
Income on the investment	2.04	0.51
Tax effect on interest income	(0.51)	(0.11)
Total	101.92	60.39
Share Options Outstanding Account		
Opening balance	6.86	-
Share based payments to employees (Refer Note 31)	2.52	6.86
Total	9.38	6.86
Total Other Equity	1,997.16	1,497.16

Inventory Price Risk Reserve

Company from fluctuations in gold, silver and precious metal prices being purchased by the Company. Such reserve balance will be invested in liquid financial assets by the end of nine months from each balance sheet date. Returns from investments in such financial assets would be easily liquidated to be used in times when fluctuation in commodity prices is abnormal and would affect the normal working capital position of the Company. In the current financial period, the Company has transferred Rs 4,00,00,000 to such reserve.

Share Options Outstanding Account

For details of shares reserved for issue under the Share based payment plan of the company, please refer note 31.

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

15 LEASE LIABILITY

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
FINANCIAL LIABILITIES		
NON CURRENT		
Opening Lease Liability	-	-
Add : Addition to lease liability during the period	317.82	
Add : Interest Expense	27.27	-
Less : Lease Rent Paid	94.97	-
Total Non Current Lease Liability	250.12	-

16 BORROWINGS

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
FINANCIAL LIABILITIES		
NON CURRENT		
At amortised cost		
Secured		
- term loans from banks	-	307.60
Less: Current maturities of long term borrowings	-	(201.60)
Unsecured		
- Fixed deposits from others	88.95	-
Total Non Current Borrowings	88.95	106.00
CURRENT		
Other Loans		
Secured		
- demand loans from banks	3,139.67	2,155.35
- cash credit from banks	(11.25)	93.60
Unsecured		
- from others	8.74	8.89
- from promoters	340.99	54.05
- gold loans from banks	-	-
Total Current Borrowings	3,478.15	2,311.89
OTHER FINANCIAL LIABILITIES		
Current maturities of long term borrowings	-	201.60
Total Other financial liabilities	-	201.60

Footnote to Note 16 "Borrowings"

(Rs. in million)

Sr. No.	Name of Lender	Type of Facility	Amount outstanding as at March,2020	Rate of Interest (%)		Repayment Terms As at 31st March,2020	Security Provided
				As at March 31, 2020	As at March 31, 2019		
SECURED LOANS							
1	The Shamrao Vitthal Co-operative Bank	Term Loan	-	7.90 % below PLR**	7.90 % below PLR**	Repayable in 84 equated monthly instalment	Primary Security 1. Charge on Aundh shop 2. Charge on Chinchwad Shop Personal Guarantee 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
2	HDFC Bank Limited	Term Loan	-	0.40 % over one year MCLR*	0.40 % over one year MCLR*	2 years with 6 months moratorium period	Primary Security 1. Negative Lien on shop no. 2, upper ground floor, E-building, star zone apartment, Devlali, Nashik - 422401 Personal guarantee 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
3	The Federal Bank Limited	Over Draft (With Diminishing Balance)	89.96	0.40 % over one year MCLR*	0.40 % over one year MCLR*	Repayable upto 5 years	Primary Security 1. Hypothecation of credit card receivables of at least 1.10 times of monthly obligations to term loan Collateral Security 1. 10% cash margins Personal Guarantee 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
4	The Federal Bank Limited	Over Draft (With Diminishing Balance)	64.82	8.55% p.a.	NA	Lumpsum	Primary Security <u>1. Hypothecation of Gold and Diamond Jewelleries on paripasu basis with margin of 25%</u> Collateral Security <u>1. Cash Margin of 110%</u> Personal Guarantee 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
5	The Federal Bank Limited	Working Capital Demand Loan	350.00	8.10% p.a.	NA	Lumpsum	Primary Security <u>1. Hypothecation of Gold and Diamond Jewelleries on paripasu basis with margin of 25%</u> Collateral Security <u>1. Cash Margin of 110%</u> Personal Guarantee 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil

P. N. Gadgil & Sons Limited

Notes to Financial Statements for the period ended 31st March,2020

Footnote to Note 16 "Borrowings"

(Rs. in million)

Sr. No.	Name of Lender	Type of Facility	Amount outstanding as at 31st March,2020	Rate of Interest (%)		Repayment Terms As at 31st March,2020	Security Provided
				As at March 31, 2020	As at March 31, 2019		
6	The Shamrao Vitthal Co-operative Bank	Working Capital Demand Loan	704.09	9.00% below PLR**	NA	Rolled over every 6 months	<u>Primary Security</u> 1. Hypothecation of gold and diamond stock <u>Collateral Security</u> 1. Residential bungalow of Mr. Govind Gadgil 2. Shop at Vadodara <u>Personal guarantee</u> 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
7	The Shamrao Vitthal Co-operative Bank	Working Capital Demand Loan	150.71	9.00% below PLR**	NA	Rolled over every 6 months	
8	The Shamrao Vitthal Co-operative Bank	Cash Credit	(7.15)	8.50 % below PLR**	8.50 % below PLR**	Repayable on demand and is subject to annual renewal	<u>Primary Security</u> 1. Hypothecation of gold and diamond stock <u>Collateral Security</u> 1. Residential bungalow of Mr. Govind Gadgil situated at 576, Shaniwar Peth, Pune 2. Shop at Vadodara <u>Personal guarantee</u> 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
9	The Federal Bank Limited	Cash Credit	(0.00)	9.15% i.e. One year MCLR	9.15% i.e. One year MCLR	Lumpsum	<u>Primary Security</u> 1. Hypothecation of Gold Jewelleries stock on paripasu basis <u>Collateral Security</u> Nil <u>Personal Gaurantee</u> 1. Mr. Govind Gadgil 2. Mrs. Renu Gadgil
10	HDFC Bank Limited	Cash Credit (Interchangeable)	(0.02)	(Base Rate + 130 bps)	(Base Rate + 130 bps)	Repayable on demand	<u>Primary Security</u> 1. First pari passu charge on gold inventory 2. Exclusive charge on commercial shop located at Mudra, Satara Road, Pune <u>Personal guarantee</u>
		Working Capital Demand Loan (Interchangeable)	1,100.00	Multiple rates	10.40%	Repayable within - minimum 15 Days - maximum 180 days	
11	The Shamrao Vitthal Co-operative Bank	Overdraft against Fixed Deposit	180.10	50 basis points above interest rate of fixed deposit	50 basis points above interest rate of fixed deposit	Repayable in 12 Months	<u>Primary Security</u> 1. Fixed deposit given by promoters of Rs. 28,00,00,000

Footnote to Note 16 "Borrowings"

(Rs. in million)

Sr. No.	Name of Lender	Type of Facility	Amount outstanding as at 31st March,2020	Rate of Interest (%)		Repayment Terms As at 31st March,2020	Security Provided
				As at March 31,2020	As at March 31, 2019		
12	Bank of Baroda	Cash Credit	(4.08)	1% over MCLR*+ Strategic Risk Premium	1.60% over MCLR*+ 0.25% Strategic Risk Premium	Repayable on demand and is subject to annual renewal	<p>Primary Security</p> <p>1. First pari passu charge on gold inventory 2. 10% cash margin on stand by letter of credit (SBLC) as and when issued</p> <p>Collateral Security</p> <p>1. Charge on shops at Satara Road, Pune. 2.Charge on FDRs in the name of firm.</p> <p>Personal guarantee</p> <p>1. Mr. Govind Gadgil 2.Mrs. Renu Gadgil</p>
13	HDFC Bank Ltd.	Gold Metal Loan	-	As decided by Bank's Treasury at the time of drawdown.	NA	Repayment is by way of fixing the price and gold value lent by the bank.	<p>Primary Security</p> <p>1. Stand by later of credit in favour of the bank for 110% , issued by Bank of Baroda. 2.The minimum stipulated asset cover shall be maintained on the value of GML.</p>
14	ICICI Bank	Gold Metal Loan	-	As per treasury at the time of drawdown on notional value of gold linked to international gold lease rate.	NA	Repayment on the value date at the rate fixed	Security- Fixed deposit
15	HDFC Bank Ltd.	Gold Metal Loan	-	2.25% for 180 Days Tenor	NA	On demand but not in form of metal.	SBLC / BG of other Bank or by cash collateral in form of FD
16	Federal Bank	Gold Metal Loan	-	As mutually Agreed	NA	Lumpsum	Collateral-Cash margin of 105%
17	Bank of Baroda	Working Capital Demand Loan	500.00	MCLR*+ Strategic Risk Premium	1.60% over MCLR*+ 0.25% Strategic Risk Premium	Repayment is by way of bullet payment on due date	<p>Primary Security</p> <p>1. First pari passu charge on gold inventory 2. 10% cash margin on stand by letter of credit (SBLC) as and when issued</p> <p>Collateral Security</p> <p>1. Charge on shops at Satara Road, Pune. 2.Charge on FDRs in the name of firm.</p>
UNSECURED LOANS							
1	Unsecured Loans	From Promoters	340.99	8.00%	8.00%	Repayable on demand	Not Applicable
2	Unsecured Loans	From Others	8.74	NA	NA	Repayable on demand	Not Applicable
3	Fixed Deposit Accepted	From Public	56.30	8.00%	NA	Repayable after 36 months	Not Applicable
4	Fixed Deposit Accepted	From Public	32.65	8.50%	NA	Repayable after 36 months	Not Applicable

*MCLR - Marginal Cost of funds based Lending Rate

**PLR - Prime Lending Rate

***bps - Basis Points

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

17 PROVISION FOR EMPLOYEE BENEFITS

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Non-Current		
- Gratuity payable	34.78	24.37
Total Long Term Provisions	34.78	24.37
Current		
- Gratuity payable	1.75	3.67
Total Short Term Provisions	1.75	3.67

18 DEFERRED TAX (NET)

(a) Income tax expense

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
In Statement of Profit and Loss :		
Current income tax:		
Current income tax charge	233.09	261.29
Deferred tax:		
Relating to origination and reversal of temporary differences	(5.36)	(1.48)
Income tax expense reported in the Statement of Profit and Loss	227.72	259.82
In Other Comprehensive Income (OCI) :		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on actuarial gains and losses	0.95	0.48
Income tax charged to OCI	0.95	0.48
In Equity :		
Current income tax:		
Realtg to income directly credited to inventory price risk reserve	(0.51)	(0.11)
Income Tax expense on item directly credited to equity	(0.51)	(0.11)

(b) Net Deferred tax (Asset) / Liability:

The balance comprises temporary differences attributable to:

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	10.79	14.16
Deferred Tax Liability	10.79	14.16
Gratuity	9.19	8.16
Previous disallowances allowed on payment basis	3.30	1.57
Provision for doubtful trade receivables	2.52	2.91
Others		0.37
Deferred Tax Asset	15.01	13.02
Deferred Tax (Asset) / Liability (net)	(4.22)	1.14

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

(c) Reconciliation of deferred tax (net):

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Opening Balance (Asset) / Liability	1.14	3.10
Tax (income)/expense during the year recognised in Statement of Profit and Loss	(4.41)	(1.48)
Tax (income)/expense during the year recognised in OCI	(0.95)	(0.48)
Closing balance (Asset) / Liability	<u>(4.22)</u>	<u>1.14</u>

(d) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Accounting Profit before tax from continuing operations	871.64	898.12
Statutory Tax rate (%)	25.17%	29.12%
Tax at statutory tax rate	219.37	261.53
Adjustment in respect of Capital Gains	(0.26)	-
Admissible expense on payment basis	(2.83)	-
Ind As Adjustments	4.42	-
Inadmissible as per Income Tax	9.37	(2.23)
Depreciation impact	1.40	-
Provision for Gratuity	1.87	-
Other admissible expenses	(0.16)	-
Current income tax in respect of previous years	(1.24)	1.41
Expenses directly deducted from securities premium	-	(0.90)
Preliminary Expenses	(0.11)	-
Expenses available for offsetting against future taxable income	(2.52)	-
Relating to originating and reversal of temproy difference	(1.89)	-
At the effective income tax rate	<u>227.43</u>	<u>259.82</u>

At the effective income tax rate

148.00

19 TRADE PAYABLES

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Trade payables*		
Total outstanding dues of micro enterprises and small enterprises	30.79	4.55
Total outstanding creditors other than micro and small enterprises	244.77	202.14
Total Trade Payables	<u>275.56</u>	<u>206.69</u>

* Refer Note 42 on Outstanding dues to micro, small and medium enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006.

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

20 PROVISION FOR INCOME TAX (NET OF ADVANCE TAX)

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax	233.60	260.00
Less : TDS Receivable	(3.40)	(0.09)
Less : Advance Tax	(223.50)	(257.50)
Total Provision for Income Tax (net of advance tax)	6.70	2.41

21 OTHER CURRENT LIABILITIES

Particulars	(Rs. in million)	
	As at March 31, 2020	As at March 31, 2019
Salary payable	18.72	0.74
Director's Salary Payable	1.53	-
Bonus and incentives payable	81.87	56.66
Statutory dues payable	74.16	28.58
Advances from customers		
- against schemes	1,082.31	908.29
- others	262.10	184.68
Payable for gift coupons	14.38	12.70
Outstanding expenses	46.86	41.17
Other payables	54.78	5.00
Total Other Current Liabilities	1,636.70	1,237.82

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

22 REVENUE FROM OPERATIONS

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Total Sales	20,773.06	20,298.67
Less: Discount	44.71	250.35
Total Revenue From Operations	20,728.35	20,048.32

23 OTHER INCOME

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income		
- on deposits with banks	29.21	0.21
- on others	0.14	0.29
-on Security Deposit	4.13	-
Other Non Operating Income		
Other Income	1.03	1.22
Customer Advance written back	-	6.08
Profit on sale of Investment	1.05	1.70
Total Other Income	35.56	9.51

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

24 COST OF GOODS SOLD

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Metal and Making Charges	19,991.49	18,025.88
Hedging Mark To Mark Loss / (Gain)	32.77	5.43
Hallmarking charges	14.39	13.89
Packing Material Purchases	29.90	33.30
Total Purchases (including conversion costs)	20,068.55	18,078.50

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the quarter/year	4,085.32	3,819.99
Add : Purchases (including conversion costs)	20,068.55	18,078.50
	24,153.87	21,898.49
Less : Inventory at the end of the year	5,717.37	4,085.32
Total Cost of goods sold	18,436.50	17,813.18

25 EMPLOYEE BENEFITS EXPENSES

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and bonus	358.39	360.93
Contribution to provident fund and other funds	25.89	26.06
Directors Remuneration	51.53	45.04
Sales Based Incentive to Directors	60.00	-
Gratuity expense	7.42	6.23
Leave Encashment	4.51	-
Staff welfare expenses	17.29	15.24
Share based payments to employees (Refer Note 31)	2.52	6.86
Total Employee Benefits Expenses	527.56	460.37

26 FINANCE COST

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
- on cash credit	2.89	5.03
- on borrowings (Working Capital)	180.53	210.26
- on schemes	-	15.89
- on loan from Promoters	14.84	17.13
- on gold loan	16.14	1.27
- on lease liability*	27.27	-
Others		
- Bank commission charges	4.80	6.25
Total Finance Cost	246.48	255.83

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

27 DEPRECIATION AND AMORTIZATION

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on tangible assets	82.57	79.37
Amortization on intangible assets	1.16	0.89
Amortization on Right to use Lease Asset*	84.68	-
Total Depreciation and Amortization	168.41	80.26

28 OTHER EXPENSES

Particulars	(Rs. in million)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement expenses	182.40	208.63
CSR Expenditure	12.32	3.27
Donations	0.87	1.04
Electricity expenses	37.11	33.81
Directors' sitting fees	0.26	0.36
Legal and professional Fees	10.36	18.06
Rent*	4.43	88.32
Repairs and maintenance	77.27	61.38
Security services	15.90	13.07
Sales promotion	19.37	19.42
Inauguration expenses	-	0.48
Travelling and conveyance	8.44	10.94
Rates and taxes	6.78	5.66
Provision for bad and doubtful debts	-	2.00
Freight and octroi charges	18.35	11.96
Interest on statutory payments	-	0.06
Insurance	9.47	4.95
Credit card commission	41.84	39.13
Communication expenses	9.06	10.26
Auditors remuneration (refer the below table)	1.44	2.29
Miscellaneous expenses	12.96	14.42
Amortization of prepaid security deposit	4.72	-
Cyber-Digital Banking Fraud	29.04	-
Loss on sale of assets	0.18	0.56
Loss on sale of Investment Property	10.74	-
Total Other Expenses	513.32	550.07
Auditors remuneration		
- Statutory audit	1.44	1.60
- Tax audit	-	0.50
- Other services	-	0.19

P. N. Gadgil & Sons Limited
Notes to Financial Statements for the year ended March 31, 2020

29 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity shareholders (Rs. in million)	644.20	638.31
Weighted average number of shares outstanding during the year (No)	33,770,599	33,770,599
Basic and Diluted Earning per share (in Rs.)	<u>19.08</u>	<u>18.90</u>

(Nominal value per share Rs 10)

**not annualised*

*To comply with the provisions of IND AS 116, Actual lease rent paid of Rs.94.97 million are replaced by Non Cash Interest Expenses arising from Lease Liability and Amortization of Lease Rent Asset created.

P. N. Gadgil & Sons Limited

Notes to Financial Statements

1. Corporate Information

P. N. Gadgil & Sons Limited (the “Company”) is a public limited company incorporated under the provisions of the Companies Act, 2013, as amended. It was originally formed as a partnership firm in the name and style of “P. N. Gadgil & Sons” (the “erstwhile partnership firm”) which was then converted from a partnership firm to a public limited company on November 6, 2017 vide CIN No. U36911PN2017PLC173262. The registered office of the Company is located at Abhiruchi, 59/1C, Wadgaon bk. Sinhagad Road, Pune – 411041.

The Company is engaged in the business of manufacturing and selling jewellery and articles of gold, silver, platinum, bullion, precious and semi-precious metals, gems and diamonds.

2. Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of Preparation

The Balance sheet of the Company as at March 31, 2020, the Statement of Profit and Loss for the year ended March 31, 2020 and the Statement of Changes in Equity and the Statement of Cash flows for the period from April 1, 2019 to March 31, 2020 and the notes, comprising a summary of significant accounting policies and other explanatory information (together referred as ‘Financial Statements’) have been prepared under Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 to the extent applicable.

The Financial Statements are presented in Indian Rupees (“INR” or “Rupees” or “Rs.”).

The Financial Statements have been prepared by the management as a going concern on the basis of relevant Ind AS that are effective as on the balance sheet date and using presentation and disclosure requirements of Division II of Schedule III of Companies Act, 2013.

Significant accounting judgments, estimates and assumptions

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities on the date of the financial statements. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognised in the period in which the results are known/materialize.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

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

Taxes

Current taxes are recognised at tax rates (tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using 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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.2 Summary of Significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current and non-current classification.

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when it is:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in the Indian currency (INR), which is the Company's functional and presentation currency.

(c) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Revenue from contracts includes revenue with customers for sale of goods. Revenue from contracts with customers is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. To recognize revenues, we apply the following five step approach:

- (1) Identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) Determine the transaction price,
- (4) Allocate the transaction price to the performance obligations in the contract, and
- (5) Recognize revenues when a performance obligation is satisfied.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods, income from making charges and amount received under the schemes

- a) The Company satisfies a performance obligation at a point in time and recognizes revenue when the performance obligation is satisfied and control as per Ind AS 115 is transferred to the customer. Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. The control of the goods is transferred on delivery of goods to the customer.
- b) The Company recognizes the amount received from a customer under the schemes operated by the Company as a liability until the Company has no remaining obligations to transfer goods or services to the customer. Even in case of schemes the revenue recognition from making charges will be recognized upon the transfer of control to the customer.

Sales tax / Value Added Tax (VAT) or Goods and Service Tax (GST) (as applicable) are not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. However, revenue is recorded including excise duty applicable on sale of jewellery.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(d) Taxes

Taxes comprise current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Management 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

Deferred tax assets (including MAT credit entitlement, if any) are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses if any. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become probable that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realized.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of Goods and Service Tax (GST) paid except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables respectively.

(e) Property, plant and equipment

On conversion, the Company has carried forward the written down values of erstwhile partnership firm as on 06th November, 2017.

On adoption of Ind AS, the Company has recomputed accumulated depreciation as per the requirements of the Companies Act, 2013 and Ind AS 16 “Property, plant, and equipment”. The impact on re-computation is treated as other income in the financial statements on conversion.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, cost of replacing part of the plant and equipment and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Capital work in progress is stated at cost less impairment, if any. It includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The Company identifies and determines cost of each component / part of the asset separately, if the component / part have a cost which is significant to the total cost of the assets and has useful life that is materially different from that of the remaining asset.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss for the period during which the asset is derecognised.

Depreciation on property, plant and equipment

The Company was a partnership firm till November 6, 2017 and followed the written down value method of depreciation as per provisions of Income-tax Act, 1961. However, on conversion to Company and For the purpose of the Financial Statements, the Company has elected to follow the straight line method (SLM) of depreciation and has recomputed accumulated depreciation as per the requirements of the Companies Act, 2013 and Ind AS 16 “Property, plant, and equipment”

Under this method, the estimated useful lives, as specified in Schedule II of the Companies Act, 2013 are as follows:

Block of Assets	Useful Life Considered (SLM)
Building	60 Years
Office Equipment	5 Years
Furniture and Fixtures	10 Years
Electrical Installations	10 Years
Vehicles	8 / 10 Years
Computers	3 / 6 Years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

(f) Intangible assets

On conversion the Company has carried forward the written down values of erstwhile partnership firm as on 06th November, 2017.

On adoption of Ind AS, the Company has recomputed accumulated amortization as per the requirements of the Companies Act, 2013 and Ind AS 38 “Intangible Assets”. The impact on re-computation is treated as other income in the financial statements on conversion.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortization of intangibles

The useful lives of intangible assets are assessed as 10 years, and the same shall be amortized on a straight-line basis over its useful life.

(g) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The fair value of the investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by the management.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

(h) Borrowing costs

Borrowing costs includes interest and ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as a part of the cost of the respective asset until such time that the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period in which they occur.

Borrowing cost is calculated as per the Effective Interest Rate (EIR) method. It is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortized cost of a financial liability after considering all the contractual terms of the financial instrument

(i) Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

(j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Where the Company is the lessee

- a) Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.
- b) The lease liability is measured at the present value of the lease payments to be made over the lease term. Lessees accrete the lease liability to reflect interest and reduce the liability to reflect lease payments made.
- c) The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs. The related right of-use asset is depreciated in accordance with the depreciation requirements of Ind AS 16 Property, Plant and Equipment.
- d) For lessees that depreciate the right-of-use asset on a straight-line basis, the aggregate of interest expense on the lease liability and depreciation of the right-of-use asset generally results in higher total periodic expense in the earlier periods of a lease.
- e) Lessees re-measure the lease liability upon the occurrence of certain events (e.g., change in the lease term, change in variable rents based on an index or rate), which is generally recognized as an adjustment to the right-of-use asset.
- f) Leases having maturity period of less than 1 years have not been considered Ind AS 116 and their expense is separately disclosed in Profit & Loss A/c.
- g) Ind AS 116 is not considered to leases having low value and their expense is separately disclosed in Profit & Loss A/c.
- h) The company has entered into lease agreement with the lessors to avail rental services of their shops.
- i) Appropriate disclosures of Ind AS 16 is made as the leases meet the criterion of PPE as per the said Ind AS.
- j) There is no sub-leasing & sale and lease back transaction entered into by the company as on 31st March 2020.

(k) Inventories

Inventory is valued at lower of cost and net realizable value. Inventory of the Company includes stock physically present at its stores and held with goldsmiths and excludes customer's stock in the custody of the Company.

Cost of inventories comprises of all costs of purchase and, other duties and taxes (other than those subsequently recoverable from tax authorities), costs of conversion and all other costs incurred in bringing the inventory to its present location and condition. Cost is determined on weighted average

basis. Initial cost of inventories includes the gains and losses on forward contracts entered into for covering the price fluctuation exposure in respect of the purchases of the underlying assets.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss

unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best management estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company, or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Financial Statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the Financial Statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the Financial Statements of the period in which the change occurs. If an inflow of economic benefits has become probable, an entity discloses the contingent asset.

(n) Retirement and other employee benefits

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 the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in Statement of Profit and Loss in the period in which the related service is rendered. The liabilities are presented as current liability in the Balance Sheet.

Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined contribution plans such as provident fund and
- (b) defined benefit plans such as gratuity

- *Defined contribution plans - Provident fund*

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee

renders the related service. If the contribution payable to the scheme for service received before the period end date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the period end date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

- *Defined benefit plans – Gratuity obligations*

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the period.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

(o) 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.

i. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments, Debt instruments measured at fair value through other comprehensive income (FVTOCI)

- *Debt instruments at amortized cost*

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the profit or loss.

- *Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

- *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as at FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

- *Equity investments*

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at fair value. The Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value in case of equity investments which are not held for trading.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Reclassification

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings and other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- *Financial liabilities at amortised cost*

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments.

- *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognised in OCI. These gains/ losses are not subsequently transferred to Profit & Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

De-recognition

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.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(p) Fair value measurement

The Company measures financial instruments, such as, investments in mutual funds and equity shares at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 -This hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Assets Value (NAV). NAV represents the price at which the issuer will issue further units and will redeem such units of mutual fund to and from the investors.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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

There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(q) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

The Restated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 on Statement of Cash Flow as notified under Companies (Accounts) Rules, 2015.

(r) Earnings per share

Basic EPS is calculated by dividing the profit for the period attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity Shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

(s) Dividends

Final dividends on shares are recorded as liability on the date of approval by the shareholders and the interim dividends are recognised as liability on the date of declaration by the Company's Board of Directors.

30. Defined benefit plans

Gratuity:

The Company has an unfunded defined benefit gratuity plan. The Company provides for gratuity for its employees as per Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity is payable on retirement/termination of the employee's last drawn basic salary per month multiplied for the completed number of years of service. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

Risk analysis

- *Actuarial Risk*

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

- *Liquidity Risk*

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

- *Market Risk*

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

- *Legislative Risk*

Legislative risk is the risk of increase in the plan liabilities due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

The following table summarizes the components of net benefit expense recognised in the statement of profit and loss and the amounts recognised in the balance sheet for the gratuity plan:

Expense recognised in the Statement of Profit and Loss:

Particulars	(Rs. in millions)	
	For the year ended March 31, 2020	For the years ended March 31, 2019
Current service cost	5.43	4.71
Net interest expense	1.99	1.52
Net benefit expense recognised in the Statement of Profit and Loss	7.42	6.23

Amount recognised in the Statement of Other Comprehensive Income (OCI):

Particulars	(Rs. in millions)	
	For the year ended March 31, 2020	For the years ended March 31, 2019
Measurement during the period due to:		
Actuarial (gain) / loss arising from change in financial assumptions	2.82	(2.27)
Actuarial (gain) / loss arising from change in demographic assumptions	(1.30)	2.15
Actuarial (gain) / loss arising on account of experience changes	2.27	1.78
Total Re-measurement cost/(credit) for the period recognised in OCI	3.79	1.66

Changes in defined benefit obligation over the period are as follows:

Particulars	(Rs. in millions)	
	For the year ended March 31, 2020	For the years ended March 31, 2019
Fair value of defined benefit obligation at the beginning of the period	28.04	21.57
Current Service cost	5.43	4.71
Net interest expense	1.99	1.52
Benefits paid	(2.72)	(1.43)
Actuarial (gain) / loss arising from change in financial assumptions	2.82	(2.27)
Actuarial (gain) / loss arising on account of demographic assumption	(1.30)	2.15
Actuarial (gain) / loss arising on account of experience adjustments	2.27	1.78
Net value of defined benefit obligation at the end of the period	3.65	28.04

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended March 31, 2020	For the years ended March 31, 2019
Discount rate	6.85%	7.60%
Salary escalation	5.00%	5.00%
Retirement age	55, 60 & 70 Years	55, 60 & 70 Years

The following payments are expected contribution to the defined benefit plan in future years:

(Rs. in millions)

Particulars	As at March 31, 2020	As at March 31, 2019
Current Liability	1.75	3.67
Non-Current Liability	34.78	24.37
Total expected payments	36.53	28.04

The weighted average duration of defined benefit plan obligation:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Weighted average duration of defined benefit plan obligation	12.24 years	9.75 years

31. Employee Stock Option Plan

Pursuant to the approval of the shareholders of the Company at the Extraordinary General Meeting held on March 30, 2018, the Company approved a Stock Option Scheme for its employees called the PNG Employee Stock Option Plan 2018 (“the Scheme”). Under the said Scheme, the Company was authorized to grant upto 1,200,000 equity shares in one or more tranches and on such terms and conditions, as may be determined by the Board/ Nomination and Remuneration Committee to eligible employees/ directors of the Company.

This Scheme is applicable for all eligible employees/directors of the Company except an independent director or an employee who is a promoter or belongs to the promoter group or a director who either by himself or through his relatives or through and body corporate, directly or indirectly, holds more than 10% of outstanding equity shares of the company .The vesting period shall not be less than 1 year from the date of grant and shall not exceed beyond 7 years.

The Company has granted 230,000 options on 18th April, 2018. Vesting of the options shall take place over a period of 5 years and with a minimum vesting period of 2 years from the grant date. The said stock options would vest in tranches over a period of 5 years as follows:

The Vesting Schedule is set forth as follows:

Tranches	Number of months from the grant of options	Percentage of options vested (%)	Cumulative percentage of options vested (%)
1	24	20	20
2	42	30	50
3	60	50	100

The options will vest subject to meeting and fulfilling of the service conditions as specified in the plan.

On April 18, 2020, as per the scheme approved by the Company at Extraordinary General Meeting held on March 30, 2018, 20% of the options were due to vest if the vesting conditions were fulfilled on the said date. The vesting conditions were not fulfilled and accordingly, the options were lapsed. Pursuant to this, as per IND AS 10 "Events after the Reporting Period", no provision has been created for employee stock compensation for the period ended March 31, 2020 and the provision of Rs.1.89 million is transferred to reserves during current financial year and required provision is recognised of Rs.9.38 million for the options outstanding as on Reporting Date.

Movements during the period:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options under PNG Employees Stock Option Plan 2018:

Particulars	For the year ended March 31, 2020		For the years ended March 31, 2019	
	No. Of Options	Weighted Average Exercise Price (in Rs.)	No. Of Options	Weighted Average Exercise Price
Options outstanding at the beginning of the period	224000	210	-	-
Options granted during the period	-	-	2,30,000	210
Options exercised during the period	-	-	-	-
Options forfeited during the period	-	-	-	-
Options expired during the period	-	-	-	-
Options lapsed during the period	18,000*	210	6,000*	210
Options outstanding at the end of the period	2,06,000	210	2,24,000	210
Options exercisable at the end of the period	-	-	-	-
Weighted average exercise price of options exercised as on the date of exercise	NA	-	NA	-
Weighted average remaining contractual life of options outstanding as of March 31, 2020	24.00 months.	-	36.00 months.	-

* Due to resignation of the employee.

The Fair value of the options granted is estimated on the date of grant using the pricing model with the following assumptions:

Particulars	
Date of Grant	18 th April , 2018
Method used to estimate the fair value of option granted	Black Scholes Method
Weighted average fair value of option as on grant date (Rs.)	119.71
Weighted average share price as on grant date (Rs.)	210
Exercise Price (Rs.)	210
Expected Volatility (%)	69.36
Expected Option life (Months)	44.40
Expected Dividends (%)	NIL
Risk-free interest rate (%)	7.43

32. Making Charges Received

The breakup of income from making charges received from customers in period is as follows:
(Rs. in millions)

Particulars	For the year ended March 31, 2020	For the years ended March 31, 2019
Gold	1955.61	2,161.05
Silver and others	105.14	128.56
Total	2060.75	2289.61

33. Earnings per Equity Share

In accordance with the Indian Accounting Standard -33 on “Earnings per Share” (EPS):

Particulars	For the year ended March 31, 2020	For the years ended March 31, 2019
Profit attributable to equity shareholders (Rs. in millions)	644.20	638.31
Weighted average number of shares outstanding during the period (Nos.)	33,770,599	33,770,599
Basic and Diluted EPS (in Rs.) (Nominal value per share Rs. 10)	19.08	18.90

Basic EPS is calculated by dividing the profit for the period attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The numbers of equity shares are adjusted retrospectively for all periods presented for bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

The Company has issued share options (potential equity shares) to employees during the years ended March 31, 2019 which are not dilutive as on March 31, 2020. Consequently, the basic and diluted earnings per share of the Company remain the same. For the period ended March 31, 2020, no options to purchase equity shares had an anti-dilutive effect.

34. Investment Property

The Company’s investment property consisted of freehold land owned by the Company. The management has determined that the investment property consists of one class of asset based on the nature, characteristics and risks of the property.

The Company has recognized loss of Rs.1,07,35,000 in its Statement of Profit and Loss on account of sale of such property during the year ended March 31, 2020. There is no depreciation charged on such

investment property since it is in the nature of freehold land. There is no rental income generated or expenses incurred towards such property.

35. Commitments and contingencies

Commitments

The lease rentals charged during the period are as under:

Particulars	(Rs. in millions)	
	For the year ended March 31, 2020	For the years ended March 31, 2019
Lease rentals recognised during the period	99.41	88.32

Maturity Analysis of lease liability:

Particulars	Less than 1 year	1-3 years	More than 3 years	Total
As at 1 st April, 2019	69.49	220.56	27.67	317.73
As on 31 st March, 2020	76.18	146.27	27.67	250.12

Contingent liabilities

The Company has a contingent liability of Rs.10.20 million towards income tax matters pertaining to AY 2018-19 as at March 31, 2020. The Company is contesting the demands and the management, including its tax/legal advisors, believes that its position is likely to be upheld in the appellate process. No expense has been recorded in the financial statements for the above demands raised.

On behalf of the erstwhile partnership firm, the Company is in appeal with the respective government authorities for below mentioned tax proceedings. If the decision turns out against the firm the amount of liability will be debited to Partners' Escrow A/c as demand is related to the years when the partnership firm was in existence and the company will not bear any liabilities.

Tax Proceedings

Type of Tax	(Rs. in millions)	
	Amount as at March 31, 2020	Amount as at March 31, 2019
Income Tax		
AY 2013-14	1.33	1.33
AY 2017-18	2.32	2.32
AY 2018-19	25.41	25.41
AY 2018-19	0.01	-
Value Added Tax (Maharashtra)		
AY 2014-15	0.55	-
AY 2015-16	0.36	-

The Company has paid Local Body Tax of Rs.75.31 million and Rs.45.59 million towards interest on Local Body Tax against the order received from the Solapur Municipal Corporation LBT Department for Rs.120.90 million including interest and penalty. The Solapur Municipal Corporation has rejected the appeal made by the management. The management has filed the petition with the High Court. The company will not have to pay any additional amount even if the decision of the High Court is against the company, if decision is in the favor of the company the refund will be transferred to the Partners' Escrow A/c as demand is related to the years when the partnership firm was in existence.

36. Related Party Disclosures

In compliance with Ind AS-24 – “Related Party Disclosures”, as notified under Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 the required disclosures are given in the table below:

A. Name of related parties:-

Name of Related Party	Nature of Relation
Govind Vishwanath Gadgil (Chairman , Whole time Director & Promoter)	Key Managerial Personnel
Renu Govind Gadgil (Whole Time Director & Promoter)	Key Managerial Personnel
Amit Yeshwant Modak (Whole Time Director & Chief Executive Officer)	Key Managerial Personnel
Aditya Amit Modak (Chief Financial Officer)	Key Managerial Personnel
Purva Mehra (Company Secretary till 31.07.18, resigned on 01.05.2019)	Key Managerial Personnel
Avanti Gulavani (Compliance Officer till 31.07.18 ; Company Secretary & Compliance Officer from 01.08.2018; Resigned on 20.01.2020)	Key Managerial Personnel
Apurva Parai (Company Secretary from 20.01.2020)	Key Managerial Personnel
Anjali Vishwanath Gadgil Gadgil Metals & Commodities	Relative of Key Managerial Personnel Enterprise owned or significantly influenced by key management personnel or their relatives
Bhide Gadgil Associates	Enterprise owned or significantly influenced by key management personnel or their relatives
Puneet Shares & Finance Private Limited	Enterprise owned or significantly influenced by key management personnel or their relatives
Shree Construction Company	Enterprise owned or significantly influenced by key management personnel or their relatives
Bhide Gadgil Developers	Enterprise owned or significantly influenced by key management personnel or their relatives

B. Transactions with Related Party:-**(Rs. in millions)**

Sr. No.	Nature of Transactions	For the year ended March 31, 2020	For the years ended March 31, 2019
I.	Govind Vishwanath Gadgil		
	Issue of capital		
	-Bonus Shares (Nos.)	-	7,407,408
	Sale of goods	0.03	0.01
	Lease Rent	21.76	19.85
	Common Area Maintenance Charges	17.16	13.88
	Repayment of Unsecured Loan	113.80	97.92
	Acceptance of Unsecured Loan	284.04	5.87
	Interest on Unsecured Loan	3.65	6.18
	Interest on Escrow Account	2.61	2.44
	Director remuneration	54.00	24.00
	Security Deposit for shops	0.09	0.09
	Closing Balance (Credit)/Debit		
	-Unsecured Loan	(170.51)	-
	-Escrow	(30.71)	(30.00)
	-Security Deposit for Shop	13.53	13.44
II.	Renu Govind Gadgil		
	Issue of capital		
	-Bonus Shares (Nos.)	-	5,925,926
	Sale of goods	0.00	1.17
	Lease Rent	8.50	7.83
	Common Area Maintenance Charges	5.67	5.06
	Acceptance of Loan	291.80	3.97
	Repayment of Unsecured Loan	172.94	102.58
	Interest on Unsecured Loan	4.14	6.33
	Interest on Escrow Account	1.74	2.18
	Director remuneration	48.00	18.00
	Security Deposit for shops	-	-
	Closing Balance (Credit)/Debit		
	-Unsecured Loan	(119.42)	-
	-Escrow	(20.36)	(20.00)
	-Security Deposit for Shop	5.10	5.10

(Rs. in millions)

Sr No.	Nature of Transactions	For the year ended March 31, 2020	For the years ended March 31, 2019
III.	Amit Yeshwant Modak		
	Issue of capital		
	-Bonus Shares (Nos.)	-	22,149
	Director remuneration	9.53	9.78
	Sale of Goods	0.05	-
	ESOPs Granted (Nos.)	-	6,000
	Stock Compensation Expense	0.09	0.18
	Closing Balance (Credit)/Debit		
	-ESOP's option (Nos.)	6000	6,000
IV.	Aditya Amit Modak		
	Issue of capital		
	-Bonus Shares (Nos.)	-	2,667
	Salary	2.81	2.87
	Sale of goods	0.07	-
	ESOPs Granted (Nos.)	-	6,000
	Stock Compensation Expense	0.09	0.18
	Closing Balance (Credit)/Debit		
	-ESOP's option (Nos.)	6000	6,000
V.	Purva Mehra		
	Salary	-	0.20
	ESOPs Granted (Nos.)	-	6,000
	Stock Compensation Expense	-	0.18
	Closing Balance (Credit)/Debit		
	-ESOP's option (Nos.)	-	6,000
VI.	Avanti Nikhil Gulavani		
	Salary	0.56	0.64
	ESOPs Granted (Nos.)	-	6,000
	Stock Compensation Expense	-	0.18
	Closing Balance (Credit)/Debit		
	-ESOP's option (Nos.)	-	6,000
VII.	Apurva Parai		
	Salary	0.12	-

(Rs. in millions)

Sr No.	Nature of Transactions	For the year ended March 31, 2020	For the years ended March 31, 2019
VII.	Anjali Vishwanath Gadgil		
	Sale of goods	0.01	0.01

Note:

- 1) As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial personnel are not included.
- 2) All arrangements/transaction entered into by the company with its related parties during the year were in the ordinary course of business and on an arm's length basis.

D. Key Managerial Personnel Compensation

(Rs. in millions)

Particulars	For the year ended March 31, 2020	For the years ended March 31, 2019
Short-Term Employee Benefits	115.02	55.49
Long-Term Employee Benefits	-	-
Post-Employment Benefits	-	-
Stock Compensation Expense	0.18	0.74
Total	115.20	56.23

37. Segment Information:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Board of Directors (BOD), which has been identified as being the Chief Operating Decision Maker (CODM), to make decisions about resources to be allocated to the segments and assess their performance.

The Company is into jewellery business. The CODM evaluates the Company's performance and allocates resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 "Operating Segments".

Information about geographical areas

The Company has operations only in India; hence there are no separately reportable geographical segments for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

There is no single customer or customer group who accounts for more than 10% of the total revenue of the Company.

38. Hedging activities and derivatives

The Company uses derivative financial instruments to manage risks associated with gold price fluctuations relating to certain highly probable forecasted transactions.

The Company uses foreign currency derivative contracts to manage its exposure against the foreign currency risk relating to prices of gold.

The Company enters into commodity derivative contracts to manage its exposure to the variability of cash flows, primarily related to future sales and purchase of commodities.

The Company does not apply hedge accounting on such relationships.

The realized gains (amount) from such derivative transactions are:

Particulars	(Rs. in millions)	
	For the year ended March 31, 2020	For the years ended March 31, 2019
Hedging Mark To Mark (Loss) / Gain:		
Commodity	(8.58)	(7.61)
Currency	(24.19)	2.18

39. Fair Value Measurement

(Rs. in millions)

Particulars	As at March 31, 2020		As at March 31, 2019	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Investments	7.51	-	7.51	-
Fixed deposits (unquoted)	63.05	960.78	30.59	1.87
Security Deposits	-	48.25	-	61.94
Trade receivables	-	12.77	-	85.26
Other financial assets	-	42.23	-	32.52
Cash and cash equivalents	-	139.07	-	219.35
Other bank balance	-	3.54	-	-
Total Financial Assets	70.56	1206.64	38.10	400.94
Borrowings		3567.10	-	2,417.90
Trade Payables		275.56	-	206.69
Other financial liabilities		-	-	201.60
Total Financial Liabilities		3842.66	-	2,826.19

The management assessed that the fair value of cash and cash equivalents, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amounts, largely due to the short term nature of these balances.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The management assessed that the carrying amounts of its financial instruments are reasonable approximations of fair values.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at period end is as under

Particulars	Valuation technique	Significant unobservable inputs	Weighted average cost of equity	Sensitivity of the input to fair value
Perpetual Non-cumulative Preference Shares- The Shamrao Vitthal Co-operative Bank	Discounted cash flow method	Weighted average cost of equity	10.25%	1% increase : Decrease in fair value by INR 437,392 1% decrease : Increase in fair value by INR 476,390

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Level 1 - This hierarchy includes financial instruments measured using quoted prices.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. There are no transfers between levels 1 and 2 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of reporting period.

The following table presents the fair value measurement hierarchy of the Company's financial assets and liabilities as at March 31, 2020:

(Rs. in millions)

Particulars	Fair value measurement			Total
	Level 1	Level 2	Level 3	
Financial Investments measured at fair value through profit and loss				
Equity Shares in The Shamrao Vitthal Co-operative Bank (100 shares of Rs 25 each)	-	-	0.0025	0.0025
Preference Shares in The Shamrao Vitthal Co-operative Bank (750,500 shares of Rs 10 each)	-	-	7.51	7.51
Equity Shares in The Vishweshwar Sahakari Bank (100 shares of Rs 50 each)	-	-	0.01	0.01
Fixed Deposits	-	60.00	-	60.00

40. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to

provide guarantees to support its operations. The Company's principal financial assets include loans given, investments, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include deposits, investments, loans and borrowings and other financial instruments. Market risk comprises interest rate risk, currency risk and other price risk such as commodity price risk. The sensitivity analysis in the following sections relate to the position as at respective period end.

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at each period end.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / (decrease) in basis points	Effect on Profit/(Loss) before tax	(Rs. in millions)
			Effect on Other Equity
For the year ended March 31, 2020	50	(7.64)	(5.42)
	(50)	7.64	5.42
For the year ended March 31, 2019	50	(8.40)	(5.95)
	(50)	8.40	5.95

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities on account of purchase of gold. The Company enters into foreign currency futures to minimize the risk.

The Company has no outstanding exposure as at reporting period.

Since the purchase based on foreign currency rates is negligible to the total purchases the fluctuations in the foreign exchange rate does not have any material impact on the profitability of the Company.

Commodity price risk

The Company is affected by the price volatility of commodities like gold and silver. Its operating activities require the ongoing purchase and sale of these commodities. The Company uses derivative financial instruments to manage risk associated with the commodity price fluctuations. The hedging transaction is mainly done against price risk on exposure of the commodity. All such derivative financial instruments are supported by an underlying stock and are not for speculation / trading.

The risk management strategy against gold price fluctuation also includes procuring gold on loan basis, with a flexibility to fix price of gold at any time during the tenure of the loan.

Commodity price risk sensitivity

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institution and other financial instruments.

- *Trade receivables*

Customer credit risk is managed by the Company subject to the established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

- *Financial instruments and cash deposits*

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made with banks in terms of fixed deposits and investment in designated mutual funds. Credit risk on cash deposits is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Other investments primarily include investment in liquid mutual fund units of reputed companies where historically, the Company has not incurred any loss due to credit risk.

Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial and other current liabilities based on contractual undiscounted payments:

Particulars	(Rs. in millions)			
	On Demand	Within 1 year	1-5 years	Total
As at March 31, 2020				
Borrowings	3,478.15	-	88.95	3567.10
Trade and Other Payables	275.56	-	-	275.56
Other Current Liabilities	1636.70	-	-	1636.70
Total	5390.43	-	88.95	5479.38
As at March 31, 2019				
Borrowings	2,311.89	201.60	106.00	2,619.49
Trade and Other Payables	206.60	-	-	206.60
Other Current Liabilities	1,237.82	-	-	1,237.82
Total	3,756.31	201.60	106.00	4,063.91

41. Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating in order to support its business activities and maximize brand value.

The Company manages its capital and makes adjustments to it in light of the changes in economic and market conditions.

Particulars	(Rs. in millions)	
	As at March 31, 2020	As at March 31, 2019
Shareholders' Funds		
Equity Share Capital	337.71	337.71
Reserves and Surplus	1997.16	1,497.16
Total Equity	2334.86	1,834.87

42. Outstanding dues to micro, small and medium enterprises under the Micro, Small and Medium Enterprises Development Act (MSMED), 2006:

The Company has determined dues to Micro, Small and Medium Enterprises on the basis of information collected from its suppliers as follows:

Particulars	(Rs. in millions)	
	As at March 31, 2020	As at March 31, 2019
Principal amount remaining unpaid	30.79	3.10
Interest Due thereon	-	-

43. Treatment of Partner's Capital in the erstwhile partnership firm on conversion to Company

On conversion from a partnership firm under Chapter XXI of the Companies Act, 2013, fixed capital of the partners as on November 6, 2017 has been taken as the equity share capital of the Company. Current capital of partners has been treated as unsecured loans.

The Company has set aside amounts in Promoters' ESCROW accounts from the total loans outstanding to them as at March 31, 2020 to cover costs for uncertain future liabilities that may arise, if any, pertaining to erstwhile partnership firm.

44. Gold Metal Loan

In September 2015, the Government of India approved the gold monetization plan in the form of revamped Gold Deposit Scheme (GDS) and the Gold Metal Loan (GML) Scheme to mobilize tons of gold stored in households and temples across the country. The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the Reserve Bank of India (RBI), in consultation with Ministry of Finance.

The Company has an arrangement with the approved banker for lifting gold under metal loan terms against a limit under "price unfixd basis" and opts to fix the price for gold taken under loan within 180 days at delivery.

However, based on business expediencies, the Company fixes the price within 180 days, whenever the price is favorable. The price difference arising out of such transactions are accounted in the purchase cost adjusted accordingly. The interest if any payable to bankers on such outstanding is treated as finance cost on accrual basis.

Gold Metal Loan facility is enjoyed by creating a lien on the fixed deposit created with the bank out of own funds so as to reduce the inventory carrying cost.

The other income have increased substantially due to interest received on fixed deposit kept as collateral with the bank for the Gold Metal Loan

45. Corporate Social Responsibility

As per provisions of section 135 of the Companies Act, 2013, the company has to incur at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility (“CSR”). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. The Group has contributed a sum of Rs.12.32 millions (March 31, 2019: ` Rs. 3.27 millions) towards this cause and charged the same to the Statement of Profit And Loss.

The gross amount required to be spent during the year was Rs.12.27 millions.

46. Cyber Fraud

During the current FY 2019-20, the company was the target of Cyber- digital banking fraud wherein the bank accounts of the company were hacked . The amount that was fraudulently withdrawn from the Company’s bank account was 29.84 millions.This amount was siphoned off by unidentified persons all over India by accessing the company’s bank accounts.When the company realized this ,it has promptly reported this fraud to the Police Authorities and has filed FIR with Cyber Crime Police, Pune.The Company also instructed the banks to freeze the bank accounts. Cyber Crime Police Pune has not yet concluded the investigation process. Hence, the company has booked the monetary business loss of Rs.29.84 millions in the books of accounts as approved in its BOD meeting dated 18/05/2020.

As per our report of even date,

For Shah & Taparia
Chartered Accountants
Firm Registration No: 109463W

For and on behalf of the Board of Directors of
P. N. Gadgil & Sons Limited
CIN: U36911PN2017PLC173262

Ramesh Pipalawa
Partner

Membership No. 103840
Place: Pune
Date: 10th July 2020
UDIN:20103840AAAIF2833

Govind Gadgil
Chairman and
Whole-time
Director

DIN: 00616617
Place: Pune
Date: 10th
July,2020

Amit Modak
Whole-time
Director and
Chief Executive
Officer

DIN: 00396631
Place: Pune
Date: 10th
July,2020

**Aditya
Modak**
Chief
Financial
Officer

Place: Pune
Date: 10th
July,2020

Apurva Parai
Company
Secretary
Membership No.
ACS32972

Place: Pune
Date: 10th
July,2020