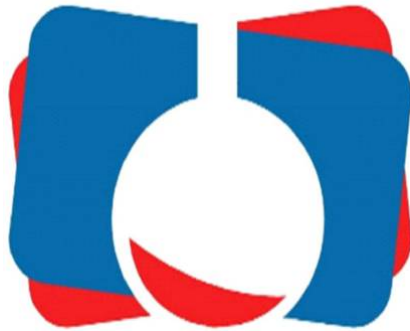


**Annual Report  
2019-2020**



**ARCHIT ORGANOSYS LIMITED**

CIN: L24110GJ1993PLC019941

# ARCHIT ORGANOSYS LIMITED

<b>BOARD OF DIRECTORS</b>	Shri Kandarp Amin Smt. Archana Amin Shri Archit Amin Shri Bhupendra Mehta Shri Rajendraprasad Shah Shri Shreeraj Desai (w.e.f 13/02/2020)	Chairman and Whole Time Director Whole Time Director Whole Time Director Independent Director Independent Director Independent Director
<b>KEY MANAGERIAL PERSONNEL</b>	Mr. Gajendrasingh Rajput Ms. Anchal Bansal	Chief Financial Officer Company secretary and Compliance Officer
<b>BANKERS</b>	Union Bank of India, Ellisbridge Branch, Ashram Road, Ahmedabad – 380006	
<b>AUDITORS</b>	M/s. Chirag R. Shah & Associates Ahmedabad	
<b>REGISTERED OFFICE &amp; UNIT I</b>	Plot No. 25/9-A, Phase-III, G.I.D.C. Naroda, Ahmedabad 382 330.	
<b>UNIT II</b>	Survey No. 228/A, Paiki 7, Paiki 2, Village-Narmad, Bhavnagar-364313	
<b>CORPORATE OFFICE</b>	9 <sup>th</sup> Floor, Venus Benecia, Near Pakwan Restaurant, Bodakdev, S.G. Highway, Ahmedabad-380054	

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**ARCHIT ORGANOSYS LIMITED**

CIN: L24110GJ1993PLC019941

REGD. OFF: PLOT No 25/9-A, PHASE-III, G.I.D.C. NARODA, AHMEDABAD – 382330

PHONE: 91-79- 22821154 E-MAIL: [share@architorg.com](mailto:share@architorg.com)**NOTICE**

**NOTICE** is hereby given that the 27th Annual General Meeting of the members of the Company will be held at 11 A.M. on Tuesday, 29<sup>th</sup> September, 2020 through two-way Video Conferencing ('VC') facility or other audio visual means ('OAVM') to transact the following businesses:

**ORDINARY BUSINESS:**

- (1) To receive, consider and adopt the Audited Financial Statement of the Company including Balance Sheet as at 31st March, 2020, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date together with the Directors' and the Auditors' Report thereon.
- (2) To appoint a Director in place of Shri Kandarp Amin (DIN:00038972) who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:**

- (3) Issue of warrant on preferential basis and in this regard to pass with or without modification(s), the following resolution as a **Special Resolution**.

**RESOLVED THAT** pursuant to the provisions of Section 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and hereinafter collectively referred as "Act"), provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "**ICDR Regulations**") as amended and any other Rules/Regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India, Stock Exchanges and/ or any other statutory/regulatory authority, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to the approval(s), consent(s), permission(s) and/or sanction(s), if any, of the appropriate authorities, institutions or bodies as may be required, and subject to such conditions as may be prescribed by any of them while granting any such approval(s), consent(s), permission(s), and/or sanction(s), and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the consent of the members of the Company be and is hereby accorded to create, offer, issue and allot from time to time in one or more tranches, up to 55,00,000 (Fifty Five Lakh) warrants (hereinafter referred to as "convertible warrants") of the Company, at a price of Rs. 10/- per warrant each convertible into 1 (One) Equity share of face value of Rs. 10/- each at par aggregating to not more than Rs. 5,50,00,000/- (Rupees Five Crore Fifty Lakh Only) to the proposed allottees as mentioned below on preferential basis for cash in form and in a manner and in accordance with the provisions of SEBI (ICDR) Regulations and other applicable laws on such terms and conditions as the Board may, in its absolute discretion think fit and without requiring any further approval and consent from the members.

Sr. No.	Name of the proposed allottee(s)	Category	No. of Convertible warrants to be allotted
1.	Mrs. Archana Amin	Promoter	11,75,000
2.	Mr. Archit Amin	Promoter	7,75,000
3.	Mr. Suchit Amin	Promoter Group	5,50,000
4.	Mrs. Shimoli Amin	Promoter Group	5,00,000
5.	Mrs. Manini Amin	Promoter Group	5,00,000
6.	Ms. Viraj Samirbhai Shah	Public (Non-Promoter)	10,00,000
7.	Ms. Amoli Samirbhai Shah	Public (Non-Promoter)	10,00,000
	<b>Total</b>		<b>55,00,000</b>

**RESOLVED FURTHER THAT** in accordance with the provisions of SEBI (ICDR) Regulations, the “Relevant Date” for the purpose of calculating the price of Convertible warrants/Resultant Equity Shares to be issued in terms hereof shall be 28<sup>th</sup> August, 2020 being the date 30 days prior to the date of this Annual General Meeting scheduled (as 29<sup>th</sup> and 30<sup>th</sup> August, 2020 being Saturday and Sunday respectively relevant date is considered as 28<sup>th</sup> August, 2020 which is the day preceding the weekend as per regulation 161 of SEBI (ICDR) Regulations, 2018 as amended from time to time).

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the issue of Warrants convertible into Equity shares shall be subject to the following terms:

- A. The warrants by itself do not give to the warrants holder any rights of the shareholders of the Company.
- B. The proposed Warrants shall be issued and allotted by the Company to proposed allottee within a period of fifteen (15) days from the date of passing of this resolution provided that where the issue and allotment of the proposed Warrants is pending on account of pendency of any approval for such issue and allotment by any regulatory authority, the issue and allotment shall be completed within a period of fifteen (15) days from the date of receipt of last of such approvals, if any.
- C. Each Warrant is convertible into 1 (One) Equity Share and the conversion can be exercised by warrant holder at any time during the period of Eighteen (18) months from the date of allotment of Warrants, in one or more tranches, as the case may be and on such other terms and conditions as applicable;
- D. The Warrants proposed to be issued shall be subject to appropriate adjustment, if during the interim period, the Company makes any issue of equity shares by way of capitalization of profits or reserves, upon demerger / realignment, rights issue or undertakes consolidation / sub-division / re-classification of equity shares or such other similar events or circumstances requiring adjustments as permitted under SEBI (ICDR) Regulations and all other applicable regulations from time to time.
- E. The warrant holder shall pay an amount equivalent to at least 25% of the price fixed per warrant in terms of the SEBI (ICDR) Regulations on or before the allotment of warrants. If the option to acquire equity shares pursuant to conversion of warrants is not exercised within the prescribed time period of 18 months from the date of allotment of warrants then such warrants shall be lapsed and the amount paid under this clause shall be forfeited by the Company. Upon exercise of the option of conversion of the warrants into Equity shares by the warrant holder, the price equivalent to 75% of the issue price per warrant shall be payable at the time of exercising the right of conversion of warrants.
- F. The consideration price of the warrants, if paid in cash, shall be received from allottee’s bank account.
- G. The warrant holder(s) shall be entitled to the option of exercising any or all of the Warrants in one or more tranches by way of a written notice which shall be given to the Company, specifying the number of Warrants proposed to exercise along with the aggregate amount payable thereon, prior to or at the time of conversion. The Company shall accordingly, without any further approval from the Members of the Company, issue and allot the corresponding number of Equity Shares and perform such actions as required to credit the Equity Shares to the depository account and entering the name of allottee in the records of the Company as the registered owner of such Equity Shares;
- H. The Equity Shares to be so allotted on exercise of option of conversion of Warrants shall be in dematerialised form and shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects including dividend, with the existing equity shares of the Company;
- I. The Equity Shares arising from the exercise of the option of conversion of Warrants will be listed on Stock Exchange where the equity shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals as the case may be and shall inter alia be governed by the regulations and guidelines issued by SEBI or any other statutory authority;
- J. The Warrants and the Equity Shares being allotted pursuant to exercise of option of conversion of Warrants shall be subject to a lock-in for such period as specified under applicable provisions of SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of equity shares as it may be required to be issued and allotted upon conversion of the warrants and that the said equity shares shall be subject to the Memorandum and Articles of Association of the Company and shall, subject to any subsisting conditions of the warrants, rank paripassu in all respect with existing equity shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Whole Time Director and / or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, desirable and expedient for such purpose, including but without limitation, to prescribe the forms of application, allotment, entering into contracts, arrangements, documents, in connection therewith and incidental thereto without being required to seek any fresh approval of the shareholders of the Company and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the convertible warrants and utilization of proceeds of the convertible warrants, take all other steps which may be incidental, consequential, relevant or ancillary in this connection.

**RESOLVED FURTHER THAT** any Whole Time Director and / or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as also to execute such documents, writings, etc. as may be necessary to give effect to the aforesaid resolution including but without limitation to making application to Stock Exchange for obtaining in-principle approval, listing approval of Securities, filing of requisite documents with the Registrar of Companies, National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and/ or such other authorities as may be necessary for the purpose, to resolve and settle any questions / queries and difficulties that may arise in the proposed issue, offer and allotment of the Securities and delegate all or any of the powers herein conferred by above resolution to any Director or to any Committee of Directors or any other executive(s) / officer(s) of the Company or any other person.”

- (4) To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Shreeraj V. Desai (DIN: 08691421) who was appointed as an Additional Director of the Company by the Board of Directors (and categorized as an Independent Director) with effect from February 13, 2020 and who holds office as an Additional Director upto the date of ensuing Annual General Meeting of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years with effect from February 13, 2020.

**RESOLVED FURTHER THAT** the Board of the Directors of the company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for re-appointment of Shri Kandarp Amin (DIN: 00038972) as the Whole Time Director of the Company for the period of 3 years with effect from 1<sup>st</sup> April, 2020 on the terms and conditions including remuneration as detailed in the explanatory statement attached hereto.

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee of the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Shri Kandarp Amin, the remuneration payable to him subject to overall limits laid down in Sections 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the Board and Members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for re-appointment of Smt. Archana Amin (DIN: 00038985) as the Whole Time Director of the Company for the period of 3 years with effect from 1<sup>st</sup> April, 2020 on the terms and conditions including remuneration as detailed in the explanatory statement attached hereto.

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee of the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Smt. Archana Amin, the remuneration payable to her subject to overall limits laid down in Sections 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the Board and Members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

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

**RESOLVED THAT** pursuant to the provisions of Section 196, 197, Schedule V and all the other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded for re-appointment of Shri Archit Amin (DIN: 01681638) as the Whole Time Director of the Company for the period of 3 years with effect from 12<sup>th</sup> May, 2020 on the terms and conditions including remuneration as detailed in the explanatory statement attached hereto.

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee of the Board be and is hereby authorized to revise from time to time during the tenure of the appointment of Shri Archit Amin, the remuneration payable to him subject to overall limits laid down in Sections 197, Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) without further approval of the Board and Members of the Company but with such other approvals, sanctions or permissions, if any, required for such revision in the remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution.

## ARCHIT ORGANOSYS LIMITED

### NOTES:

- In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- Information required to be furnished as required under SS-2 and SEBI (listing obligation and Disclosure Requirements) regulations, 2015, the Particulars of Director who is proposed to be re-appointed is given below:

Name of Director	Date of Birth	Date of Appointment	Qualification and Expertise in functional areas	Share-holding in the Company	Details of Directorship held in other Companies as on 31.03.2020	#Details of Membership/ Chairmanship of Committee as on 31.03.2020	No. of board meetings attended during Financial 2019-2020
Shri. Kandarp Amin	20/08/1957	22/01/2000	Commerce Graduate Manufacturing, Export-import business, finance and management. Experience of about 38 years in chemicals and trading business and 23 years in manufacturing of chemicals.	36,71,295	Rajpath Club Limited	NIL	Five
Smt Archana K. Amin	11/12/1959	01/04/2009	B.sc (Chemistry) Product Procurement, Export Business and Production planning with 14 years of experience in the chemical industry.	26,95,515	Adonis Lifecare Private Limited	NIL	Five
Shri Archit Amin	16/08/1983	12/05/2017	B.E., Master of Science in Engineering from the University of Pennsylvania, USA. Research & Development, Product procurement and processing in Chemical Industry	8,45,395	Adonis Lifecare Private Limited	NIL	Five
Shri Shreeraj Desai	12/12/1983	13/02/2020	Diploma in Engineering Instrumentation and Control and Diploma in marketing Management. He is having experience of more than 10 years of working in various Industries and has handled diversified works.	0	NIL	Two	N.A*

Shri. Kandarp Amin, Whole Time Director of the Company is spouse of Smt. Archana K. Amin, Whole Time Director of the Company and Father of Shri. Archit K. Amin, Whole Time Director of the Company.

Terms and conditions of appointment/ re-appointment and Details of remuneration last drawn, if any are as mentioned in the explanatory statement.

# under this column, membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee is considered.

\* No Board Meeting held after his appointment in financial Year 2019-2020.

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

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

**(The remote e-voting period begins on Saturday 26th September, 2020 at 10:00 A.M. and ends on Monday 28th September, 2020 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.**

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

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

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

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

**Details on Step 1 is mentioned below:**

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

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

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



## ARCHIT ORGANOSYS LIMITED

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4. Your User ID details are given below :

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

5. Your password details are given below:

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

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

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

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to info@parikhdave.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsd.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsd.com or call on toll free no.: 1800-222-990 or send a request to evoting@nsdl.co.in or contact NSDL officials Mr. Pratik Bhatt at designated email ID: pratikb@nsdl.co.in or at telephone nos.: +91-22-24994738, or Ms. Sarita Mote at designated email ID: saritam@nsdl.co.in or at telephone nos. : +91-22-24994890.

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to share@architorg.com  
  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to share@architorg.com
2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by providing the details mentioned in Point (1) or (2) as the case may be.

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

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

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under **shareholders/members** login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting

## **ARCHIT ORGANOSYS LIMITED**

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instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at (company email id)..
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at share@architorg.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email-id, mobile number at share@architorg.com. These queries will be replied to by the company suitably by email.

**Place : Ahmedabad**  
**Date: September 01,2020**  
**REGISTERED OFFICE**  
**PLOT NO. 25/9-A, PHASE III,**  
**G.I.D.C. NARODA,**  
**AHMEDABAD - 382 330**

**BY ORDER OF THE BOARD**  
**FOR ARCHIT ORGANOSYS LIMITED.**

**(KANDARP K. AMIN)**  
**Chairman & Whole Time Director**  
**DIN: 00038972**

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**EXPLANATORY STATEMENT**

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

The following Statement pursuant to Section 102 of the Companies Act, 2013, sets out all material facts relating to the special businesses mentioned in the accompanying Notice.

**ITEM NO. 3**

Our Company is mainly engaged in the business of manufacturing and sale of various chemical products such as Mono Chloro Acetic Acid, Sodium Mono Chloro Acetate, EDTA and other organic chemicals. Products such as Ethyl Acetate, Toulene, Acetone Anhydride and Acetic Acid are other major products, the Company is engaged with.

Your Company has successfully completed the setting up of the project at Bhavnagar, Gujarat and now the plant at new location is being operated successfully. Your directors have thought it advisable to raise fund to meet its fund requirements by way of issue of warrants / equity shares and hence it is proposed to issue warrants as stated in the resolution.

Pursuant to provisions of Section 42 and 62 (1)(c) of Companies Act, 2013 (the "Act") and Regulation 160 of SEBI ICDR Regulations, 2018 any preferential allotment of Securities needs to be approved by the shareholders by way of a Special Resolution.

The consent of the shareholders is being sought by way of a special resolution to enable the Board to issue and allot convertible warrants as may be permitted under applicable laws to the proposed allottees as mentioned in the resolution in accordance with the provisions of the Companies Act, 2013 and Rules made thereunder, SEBI ICDR Regulations, as amended, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable laws, including with respect to the pricing of the securities proposed to be issued.

The proposed allottees of convertible warrants has not sold any equity shares of the Company during six months preceding the Relevant Date i.e. Friday 28<sup>th</sup> August, 2020.

In compliance with the above mentioned provisions, the Board of Directors proposes to pass resolution as set in the notice for approval of Shareholders' as a Special Resolution.

The disclosures in accordance with the Companies Act, 2013, and the other disclosures as per the SEBI (ICDR) Regulations and the other applicable provisions of law, in relation to the Special Resolution set out in the accompanying Notice are as follows:

1. **The objects of the preferential issue:**

The proceeds of the proposed issue will be utilized for any one or in combination with any one or more of the purposes such as to augment the fund for to augment the net worth of the Company and to form a capital base for business growth, to meet the long term fund requirements of the Company, to repay the debt of the Company for capital expenditure to be incurred for expansion and new product addition, to meet working capital requirements arose due to loss, to improve the capital structure and for general corporate purpose.

2. **The total number of securities to be issued, pricing and relevant date:**

It is proposed to issue and allot upto 55,00,000 convertible warrants at a price of Rs. 10/- per warrant, each convertible into 1 (One) equity share of face value of Rs. 10/- each at par aggregating to not more than Rs. 5,50,00,000/-to the proposed allottee.

The price of each equity share to be issued in lieu of Warrants is fixed at Rs.10/- (Rupees Ten Only) per share as determined in terms of SEBI (ICDR) Regulations on the basis of the Relevant Date. Further, the Company undertakes to re-compute the price of the equity shares, if at all required, in terms of the provisions of these regulations where it is required to do so. If the amount payable on account of the re-computation, if required, of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

The relevant date determined in accordance with the SEBI (ICDR) Regulations is Friday, 28<sup>th</sup> August, 2020.

3. **Basis on which the price is arrived at:**

The equity shares of Company are listed on BSE Limited and are frequently traded in accordance with SEBI (ICDR) Regulations.

In terms of the applicable provisions of SEBI (ICDR) Regulations the price at which Warrants shall be allotted shall not be less than higher of the following:

- Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the Stock Exchange, during the Twenty Six (26) weeks preceding the Relevant Date; or

## ARCHIT ORGANOSYS LIMITED

- Average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the Stock Exchange, during the Two (2) weeks preceding the Relevant Date.

The pricing of the Warrants to be allotted on preferential basis is Rs. 10/- per convertible warrants to be converted into equivalent number of Equity Share of face value of Rs. 10/- each, at par which is not lower than the price determined in accordance with applicable provisions of SEBI (ICDR) Regulations.

#### 4. Shareholding pattern before and after the Preferential issue:

Sr. No.	Category of shareholding	Pre issue		Post issue	
		Total No. of shares	% of Total No. of Shares	Total No. of shares	% of Total No. of Shares
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indians</b>				
	Individuals / Hindu Undivided Family	82,78,400	55.11	1,17,78,400	57.40
	Bodies Corporate	Nil	-	Nil	-
	<b>Sub Total (A)(1)</b>	<b>82,78,400</b>	<b>55.11</b>	<b>1,17,78,400</b>	<b>57.40</b>
<b>2</b>	<b>Foreign</b>				
	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	-	Nil	-
	<b>Sub Total (A)(2)</b>	<b>82,78,400</b>	<b>55.11</b>	<b>1,17,78,400</b>	<b>57.40</b>
<b>(B)</b>	<b>Public Shareholdings</b>				
<b>1</b>	<b>Institutions</b>	Nil	-	Nil	-
	<b>Sub Total (B)(1)</b>	<b>Nil</b>	<b>-</b>	<b>Nil</b>	<b>-</b>
<b>2</b>	<b>Non-Institutions</b>				
	<b>Individual</b>				
	a) Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	33,15,807	22.08	33,15,807	16.16
	b) Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	22,55,130	15.01	42,55,130	20.74
	<b>Any Other (Specify)</b>				
	a) HUF	2,87,977	1.92	2,87,977	1.40
	b) Bodies Corporates	6,42,238	4.28	6,42,238	3.13
	c) NRIs	2,34,758	1.56	2,34,758	1.14
	d) Clearing members	6,313	0.04	6,313	0.03
	e) Directors or Directors relatives	100	0.00	100	0.00
	<b>Sub Total (B)(2)</b>	<b>67,42,323</b>	<b>44.89</b>	<b>87,42,323</b>	<b>42.60</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>67,42,323</b>	<b>44.89</b>	<b>87,42,323</b>	<b>42.60</b>
<b>(C)</b>	<b>Shares held by Custodians and against which depository Receipts have been issued</b>	Nil	-	Nil	-
	<b>Sub-Total (C)</b>	<b>Nil</b>	<b>-</b>	<b>Nil</b>	<b>-</b>
	<b>Grand Total (A+B+C)</b>	<b>1,50,20,723</b>	<b>100.00</b>	<b>2,05,20,723</b>	<b>100.00</b>

#### Note:

- The post issue shareholding pattern in the above table has been prepared on the basis that the proposed allottees would have subscribed to and been allotted all the Equity Shares resulting from the exercise of option of conversion of warrants. In the event for any reason, the proposed allottee does not or is unable to subscribe to and/or are not allotted the Equity Shares, the shareholding pattern in the above table would undergo corresponding changes.

- The existing promoters of the Company will continue to be in control of the Company and there will not be any change in the management / control of the Company as a result of the proposed allotment and conversion of the warrants into Equity shares.

5. **Intention of Promoters / Directors / Key Managerial Personnel to subscribe to the preferential issue:**

Mrs. Archana Amin, Mr. Archit Amin, Promoters, who are also Directors on the board of the Company, Mr. Suchit Amin, Mrs. Shimoli Amin and Mrs. Manini Amin, belonging to Promoter Group have shown their intent to subscribe to the convertible warrants proposed to be issued by the Company. Apart from them no other Promoter & Promoter Group / Directors / Key Managerial personnel of the Company intend to subscribe to the Warrants under the Preferential Issue. The proposed allotment of convertible warrants is also to be made to the proposed allottees as mentioned in the resolution who are belonging to the category other than promoters.

6. **Proposed time within which the proposed preferential issue shall be completed:**

The allotment of convertible warrants shall be completed within a period of 15 days from the date of passing of this resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority / body, the allotment shall be completed by the Company within a period of 15 days from the date of receipt of such last approvals.

7. **Change in control, if any, in the Company that would occur consequent to the preferential offer:**

There shall be no change in the management or control of the Company pursuant to the proposed issue and allotment of convertible warrants including conversion thereof into equity.

8. **No. of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price:**

Save and except the preferential issue as proposed in the resolution as set in the accompanying Notice, the Company has not made any other issue or allotment of securities on preferential basis during the year 2019-20 and during the period from 1<sup>st</sup> April, 2020 till the date of this notice.

9. **Valuation for consideration other than cash:**

As the proposed preferential allotment is to be made for cash, the said provision will not be applicable.

10. **Lock-in:**

The warrants and the Equity shares to be allotted upon exercise of option of conversion by the warrant holder shall be subjected to lock-in for such period as specified under the provisions of relevant Regulation(s) of SEBI (ICDR) Regulations.

11. **Listing:**

The Company will make an application to the Stock Exchange at which the existing shares are already listed, for listing of the equity shares which will be issued on conversion of Warrants. Such Equity Shares, once allotted, shall rank paripassu with the existing equity shares of the Company in all respects, including dividend.

12. **Auditor's Certificate:**

A copy of certificate from Statutory Auditors of the Company certifying that the present proposed preferential allotment is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2018 as amended from time to time and will be placed made available before the shareholders of the Company at Annual General Meeting and will also be open for inspection by the members at the registered office of the Company between 11.00 AM to 5.00 P.M. between Monday to Friday of every week upto the date of Annual General Meeting.

13. **Other Disclosures / Undertakings:**

- It is hereby confirmed that neither the Company nor its Directors and to the Company's Knowledge and any of its Promoters are willful defaulter.
- The proposed allottee(s) have not sold any equity shares during the six months preceding the Relevant Date.

## ARCHIT ORGANOSYS LIMITED

**14. Identity of Proposed Allottee (including natural persons who are the ultimate beneficial owners of equity shares proposed to be allotted and/or who ultimately control), the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential Issue:**

Sr. No.	Name of the proposed allottee(s)	Category	the identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottee	Holding Pre-preferential Issue		No. of Convertible Warrants to be allotted	Holding /Post Preferential issue after conversion of warrants (*)	
				No of Shares	%		No of Shares	%
1	Mrs. Archana Amin	Promoter	Same as proposed allottee being natural person	26,95,515	17.95	11,75,000	38,70,515	18.86
2	Mr. Archit Amin	Promoter	Same as proposed allottee being natural person	8,45,395	5.63	7,75,000	16,20,395	7.90
3	Mr. Suchit Amin	Promoter Group	Same as proposed allottee being natural person	10,66,195	7.10	5,50,000	16,16,195	7.87
4	Mrs. Shimoli Amin	Promoter Group	Same as proposed allottee being natural person	0	0	5,00,000	5,00,000	2.44
5	Mrs. Manini Amin	Promoter Group	Same as proposed allottee being natural person	0	0	5,00,000	5,00,000	2.44
6	Ms. Viraj Samir Shah	Non-promoter (Public)	Same as proposed allottee being natural person	24,717	0.16	10,00,000	10,24,717	4.99
7	Ms. Amoli Samir Shah	Non-promoter (Public)	Same as proposed allottee being natural person	30,000	0.20	10,00,000	10,30,000	5.02

\*Assuming full conversion of warrant.

Except Mrs. Archana Amin, Mr. Archit Amin along with their relatives, being proposed allottees, none of the other Directors, Key Managerial Personnel and their relatives are in anyway concerned or interested financially or otherwise in the proposed resolution.

### ITEM NO. 4 :

Shri Shreeraj V. Desai has been appointed as an Additional Director (Categorized as Independent Director) of the Company by the Board of Directors w.e.f. February 13, 2020 who holds office upto the date of ensuing Annual General Meeting. The Company has received from him requisite consent to act as a Director and a declaration that he meets the criteria of independence as provided under section 149(6) of the Act, in connection with his appointment as an Independent Director. Copy of the draft letter for his appointment as an Independent Director would be available for inspection without any fees by the members at the Registered office of the Company during normal business hours on any working day upto the date of ensuing Annual General Meeting. The nomination remuneration committee has also recommended his re-appointment as an Independent Director on the Board. The Company has received a notice in writing from a member proposing his candidature for the office of the Director of the Company.

Shri Shreeraj V. Desai holds Diploma in Engineering Instrumentation and Control and Diploma in marketing Management. He is having experience of more than 10 years of working in various Industries and has handled diversified works. Considering his qualification, expertise and experience the Board of Directors thought it desirable to appoint him as an Independent Director on the Board.

Your Directors recommend the passing of the proposed Ordinary Resolution.

Except Shri Shreeraj V. Desai, being an appointee, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are in any way concerned or interested, financially or otherwise, in the proposed resolution.

### ITEM NO. 5 :

The present term of appointment of Shri Kandarp K. Amin as a Whole-time Director of the Company has expired on 31<sup>st</sup> March, 2020. The Board of Directors of the Company, on the recommendation of Nomination and remuneration committee, has re-appointed him as the Whole-time Director of the Company on revised terms w.e.f. 1st April, 2020 for a term of three years.

During his association with the Company, he has continuously contributed in the growth of the Company. Considering his experience, knowledge and skills, the Board of Directors has re-appointed him for a period of three years with effect from 1 April, 2020 on the terms of Remuneration which has been recommended by the Nomination and Remuneration Committee and mentioned herein below:

**(a) Salary:**

Salary plus allowances with different breakup be payable on monthly / yearly basis within overall limit not exceeding Rs. 6,50,000/- per month. Annual increment maximum up to 30% of last remuneration depending upon work performance, working of the Company etc. as may be decided by the Nomination and Remuneration Committee of the Board from time to time.

**(b) Perquisites:**

In addition to the salary as described in (a) above, he shall be eligible for the following perquisites, which shall not be included in the computation of ceiling on remuneration specified hereinabove.

- (i) Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity: The Company shall pay gratuity as per the Company's Rules.
- (iii) Encashment of leave at the end of the tenure

**(c) Other Perquisites:**

- (i) Medical Reimbursement: Expenses incurred for Self and family subject to the ceiling of one month's salary per year which can be carried forward for 3 years.
- (ii) Leave travel concession: For self and family once in a year within such limits as may be approved by the Nomination and Remuneration Committee from time to time.
- (iii) Bonus / Ex-gratia payments: The Company shall pay as per the rules of the Company.
- (iv) The Company shall pay the residence telephone expenses, however the long distance personal call shall be billed by the Company.
- (v) He shall be entitled to the benefits under all the other schemes, privileges and amenities as are granted to the senior executives of the Company in accordance with the company's practice, rules, regulations in force from time to time.

**(d) Contribution to Pension Scheme (NPS)** The Company may contribute in Pension Scheme as per the Company's rules.

**(e)** He will be entitled to all other benefits as applicable to the senior executives of the Company.

**(f)** For all other terms and conditions not specifically spelt out above, the rules and order of the Company shall apply.

Notwithstanding anything to the contrary herein contained, where, in any financial year the Company, has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances as specified above subject to the limits as may be prescribed or amended in future from time to time under the provisions of the Companies Act, 2013, Schedule thereof and the Rules framed there under as well as any other statutory provisions as may be applicable.

Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the approval of the members is being sought to approve the terms, conditions and stipulations for the re-appointment of Shri Kandarp K. Amin as Whole Time Director and the remuneration payable to him. In the opinion of the Board, Shri Kandarp K. Amin fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his re-appointment as a Whole Time Director of the Company.

Your Directors recommend the passing of the proposed special resolution.

Except Shri Kandarp K. Amin being an appointee and Smt. Archana K. Amin and Shri Archit Amin, Whole time Directors being relative, none of the other Directors and Key Managerial Personnel of the Company and / or their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

Statement containing information required to be given as per item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013.



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### I. \*General Information :

As per Note below

### II. Information about the appointee :

- (1) Background details : He is a Commerce Graduate and has a vast experience of about 38 years in chemicals and trading business and 23 years in chemical manufacturing industry.
- (2) Past Remuneration : Rs. 6,50,000/- per month during the financial year 2019-20.
- (3) Recognition and awards : NIL
- (4) Job profile and his suitability: The Whole-time Director is responsible for production, project and corporate strategy subject to the superintendence, control and direction of the Board of Directors. Considering the long association and notable contributions made by him his appointment as a Whole Time Director is in the best interest of the Company.
- (5) Remuneration proposed: As mentioned Above.
- (6) Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by him the remuneration proposed to be paid is commensurate with the remuneration packages paid to his similar counterparts in other companies.
- (7) He has no pecuniary relationship directly or indirectly with the Company except to the extent of proposed remuneration and his shareholding in the Company.

### III. Other information:

As per Note Below.

### ITEM NO. 6 :

The present term of appointment of Smt. Archana K. Amin as a Whole-time Director of the Company has expired on 31st March, 2020, the Board of Directors of the Company, on the recommendation of Nomination and remuneration committee, has re-appointed her as the Whole-time Director of the Company on revised terms w.e.f. 1st April, 2020 for a term of three years.

During her association with the Company, she has continuously contributed in the growth of the Company. Considering her experience, knowledge and skills, the Board of Directors has re-appointed her for a period of three years with effect from 1 April, 2020 on the terms of Remuneration which has been recommended by the Nomination and Remuneration Committee and mentioned herein below:

#### (a) Salary:

Salary plus allowances with different breakup be payable on monthly / yearly basis within overall limit not exceeding Rs. 6,00,000/- per month. Annual increment maximum up to 30% of last remuneration depending upon work performance, working of the Company etc. as may be decided by Nomination and Remuneration Committee of the Board from time to time.

#### (b) Perquisites:

In addition to the salary as described in (a) above, she shall be eligible for the following perquisites, which shall not be included in the computation of ceiling on remuneration specified hereinabove.

- (i) Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity: The Company shall pay gratuity as per the Company's Rules.
- (iii) Encashment of leave at the end of the tenure

#### (c) Other Perquisites:

- (i) Medical Reimbursement: Expenses incurred for Self and family subject to the ceiling of one month's salary per year which can be carried forward for 3 years.
- (ii) Leave travel concession: For self and family once in a year within such limits as may be approved by the Nomination and Remuneration Committee from time to time.
- (iii) Bonus / Ex-gratia payments: The Company shall pay as per the rules of the Company.
- (iv) The Company shall pay the residence telephone expenses, however the long distance personal call shall be billed by the Company.

- (v) She shall be entitled to the benefits under all the other schemes, privileges and amenities as are granted to the senior executives of the Company in accordance with the company's practice, rules, regulations in force from time to time.
- (d) Contribution to Pension Scheme (NPS): The Company may contribute in Pension Scheme as per the Company's rules.
- (e) She will be entitled to all other benefits as applicable to the senior executives of the Company.
- (f) For all other terms and conditions not specifically spelt out above, the rules and order of the Company shall apply.

Notwithstanding anything to the contrary herein contained, where, in any financial year the Company, has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances as specified above subject to the limits as may be prescribed or amended in future from time to time under the provisions of the Companies Act, 2013, Schedule thereof and the Rules framed there under as well as any other statutory provisions as may be applicable.

Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the approval of the members is being sought to approve the terms, conditions and stipulations for the re-appointment of Smt. Archana K. Amin as Whole Time Director and the remuneration payable to her. In the opinion of the Board, Smt. Archana K. Amin fulfills the conditions specified in the Companies Act, 2013 and rules made there under for her re-appointment as Whole Time Director of the Company.

Your Directors recommend the passing of the proposed resolution.

Except Smt. Archana K. Amin being an appointee and Shri Kandarp K. Amin and Shri Archit Amin, Whole time Directors being relative, none of the other Directors and Key Managerial Personnel of the Company and / or their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

Statement containing information required to be given as per item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013.

**I. \*General Information :**

As per Note below

**II. Information about the appointee :**

- (1) Background details : She has done B.sc (Chemistry) and has vast experience in the field of Procurement, Export Business and Production planning and having overall experience of 14 years in the chemical industry.
- (2) Past Remuneration : Rs. 6,00,000/- per month including perquisites & benefits during the financial year 2019-20.
- (3) Recognition and awards : NIL
- (4) Job profile and his suitability: The Whole-time Director is responsible for production, project and corporate strategy subject to the superintendence, control and direction of the Board of Directors. Considering the long association and expertise in relevant field she is suited for the appointment as Whole Time Director of the Company.
- (5) Remuneration proposed: As mentioned Above.
- (6) Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by her the remuneration proposed to be paid is commensurate with the remuneration packages paid to her similar counterparts in other companies.
- (7) Smt. Archana Amin has no pecuniary relationship directly or indirectly with the Company except to the extent of proposed remuneration and her shareholding in the Company.

**III. Other information:**

As per Note Below.

**ITEM NO. 7 :**

The present term of appointment of office of Shri Archit K. Amin as a Whole-time Director of the Company has expired on 11<sup>th</sup> May, 2020, the Board of Directors of the Company, on the recommendation of Nomination and remuneration committee, has re-appointed him as the Whole-time Director of the Company on revised terms w.e.f. 12th May, 2020 for a term of three years.

During the tenure, he has continuously contributed in the growth of the Company. Considering his experience, knowledge and skills, the Board of Directors has re-appointed him for a period of three years with effect from 12th May, 2020 on the terms of Remuneration which has been recommended by the Nomination and Remuneration Committee and mentioned herein below:

## ARCHIT ORGANOSYS LIMITED

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**(a) Salary:**

Salary plus allowances with different breakup be payable on monthly / yearly basis within overall limit not exceeding Rs. 3,75,000/- per month. Annual increment maximum up to 30% of last remuneration depending upon work performance, working of the Company etc. as may be decided by Nomination and Remuneration Committee of the Board from time to time.

**(b) Perquisites:**

In addition to the salary as described in (a) above, he shall be eligible for the following perquisites, which shall not be included in the computation of ceiling on remuneration specified hereinabove.

- (i) Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity: The Company shall pay gratuity as per the Company's Rules.
- (iii) Encashment of leave at the end of the tenure

**(c) Other Perquisites:**

- (i) Medical Reimbursement: Expenses incurred for Self and family subject to the ceiling of one month's salary per year which can be carried forward for 3 years.
  - (ii) Leave travel concession: For self and family once in a year within such limits as may be approved by the Nomination and Remuneration Committee from time to time.
  - (iii) Bonus / Ex-gratia payments: The Company shall pay as per the rules of the Company.
  - (iv) The Company shall pay the residence telephone expenses, however the long distance personal call shall be billed by the Company.
  - (v) He shall be entitled to the benefits under all the other schemes, privileges and amenities as are granted to the senior executives of the Company in accordance with the company's practice, rules, regulations in force from time to time.
- (d) Contribution to Pension Scheme (NPS) The Company may contribute in Pension Scheme as per the Company's rules.
- (e) He will be entitled to all other benefits as applicable to the senior executives of the Company.
- (f) For all other terms and conditions not specifically spelt out above, the rules and order of the Company shall apply.

Notwithstanding anything to the contrary herein contained, where, in any financial year the Company, has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites and allowances as specified above subject to the limits as may be prescribed or amended in future from time to time under the provisions of the Companies Act, 2013, Schedule thereof and the Rules framed there under as well as any other statutory provisions as may be applicable.

Pursuant to the provisions of Section 196, 197 read with Schedule V of the Companies Act, 2013 read with Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the approval of the members is being sought to approve the terms, conditions and stipulations for re-appointment of Shri Archit K. Amin as Whole Time Director and the remuneration payable to him. In the opinion of the Board, Shri Archit K. Amin fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his re-appointment as Whole Time Director of the Company.

Your Directors recommend the passing of the proposed special resolution.

Except Shri Archit K. Amin being an appointee and Shri Kandarp K. Amin and Smt. Archana K. Amin, Whole time Directors being relative, none of the other Directors and Key Managerial Personnel of the Company and / or their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

Statement containing information required to be given as per item (iv) of third proviso of Section II of Part II of Schedule V to the Companies Act, 2013.

**I. \*General Information :**

As per Note below

**II. Information about the appointee :**

- (1) Background details : He hold a bachelors Degree in Engineering from Gujarat University and Master degree in Engineering from the University of Pennsylvania, USA and has experience of working in Research & Development , product process and procurement field in the Chemical Industry.
- (2) Past Remuneration : Rs.3,75,000/- per month during the financial year 2019-20.

- (3) Recognition and awards : NIL
- (4) Job profile and his suitability: The Whole-time Director is responsible for production, project and corporate strategy subject to the superintendence, control and direction of the Board of Directors. He was associated with Company as a Chief Executive previously and had played key role in setting up unit at Bhavnagar hence he is suited for shouldering the responsibilities as Whole Time Director of the Company.
- (5) Remuneration proposed: As mentioned Above
- (6) Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by him the remuneration proposed to be paid is commensurate with the remuneration packages paid to him similar counterparts in other companies.
- (7) He has no pecuniary relationship directly or indirectly with the Company except to the extent of proposed remuneration and his shareholding in the Company.

**III. Other information:**

As per Note Below.

Note-

\*General information of the Company:

- (1) Nature of Industry: Chemical Industry
- (2) The commercial operations have already begun.
- (3) The Company is not a new Company.
- (4) Financial Performance:

(Rs. in Lakh)

PARTICULARS	Year ended 31-03-2020	Year ended 31-03-2019
Revenue from Operations	7669.03	8399.61
Other Income	228.78	314.38
Profit before Exceptional Items and Tax	(79.12)	(625.64)
Exceptional items –	-	-
Profit before Tax	(79.12)	(625.64)
Tax Expense	0.99	(154.04)
Profit After Tax (PAT)	(80.11)	(471.60)
Other Comprehensive Income	(1.35)	4.22
Total Comprehensive Income	(81.46)	(467.38)

There are no foreign investments by the Company and the company has not entered into foreign collaboration.

**\*\* Other information:**

1. Reason for loss or inadequate profits: Increased cost of inputs and stagnant economic environment has adversely affected the profitability of the Company.
2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms: The Management of the Company has undertaken cost cutting measures implemented and effective utilisation of capacity. Consequently, the loss for the year ended on 31<sup>st</sup> March, 2020 has decreased as compared to 31<sup>st</sup> March, 2019 and is ambitious for better results.

**PLACE : Ahmedabad**  
**DATE: September 01, 2020**  
**REGISTERED OFFICE**  
**PLOT NO. 25/9-A, PHASE III,**  
**G.I.D.C. NARODA,**  
**AHMEDABAD - 382 330**

**BY ORDER OF THE BOARD**  
**FOR ARCHIT ORGANOSYS LIMITED.**

**(KANDARP K. AMIN)**  
**Chairman & Whole Time Director**  
**DIN: 00038972**

# ARCHIT ORGANOSYS LIMITED

CIN: L24110GJ1993PLC019941

REGD. OFFICE: PLOT NO. 25/9-A, PHASE-III, G.I.D.C. NARODA, AHMEDABAD – 382330

PHONE: 91-79- 22821154 E-MAIL: share@architorg.com

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Date: 10<sup>th</sup> September, 2020

## CORRIGENDUM TO NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

This is in reference to notice dated 1<sup>st</sup> September, 2020 convening 27<sup>th</sup> Annual General Meeting (AGM) of the shareholders of the Company to be held at 11 A.M. on Tuesday, 29<sup>th</sup> September, 2020 through two-way Video Conferencing ('VC') facility or other audio visual means ('OAVM') for seeking approval of the members for the businesses as mentioned in the said notice.

Stakeholders are advised to take note of the following changes/modifications in the Notice through this corrigendum:

- 1) The names of the proposed allottees as mentioned in Special Resolution at Item No. 3 shall be read as under.

Sr. No.	Names as mentioned in the Notice	Names to be read as under
1	Mrs. Archana Amin	AMIN ARCHANA KANDARP
2	Mr. Archit Amin	AMIN ARCHIT KANDARP
3	Mr. Suchit Amin	AMIN SUCHIT KANDARP
4	Mrs. Shimoli Amin	SHIMOLI AMIN
5	Mrs. Manini Amin	MANINI AMIN
6	Ms. Viraj Samirbhai Shah	VIRAJ SAMIRBHAI SHAH
7	Ms. Amoli Samirbhai Shah	AMOLI SAMIR SHAH

- 2) In the explanatory statement to Item No. 3, in the point 14 names of all the proposed allottees be changed as above and be read as mentioned below. The post issue % of AMIN SUCHIT KANDARP to be changed from 7.87% to 7.88%. Hence, the table on page no. 14 of notice be revised as under:

**14. Identity of Proposed Allottee (including natural persons who are the ultimate beneficial owners of equity shares proposed to be allotted and/or who ultimately control), the percentage (%) of Post Preferential Issue Capital that may be held by them and Change in Control, if any, consequent to the Preferential Issue:**

Sr. No.	Name of the proposed allottee(s)	Category	the identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and/or who ultimately control the proposed allottee	Holding Pre- preferential Issue		No. of Convertible Warrants to be allotted	Holding /Post Preferential issue after conversion of warrants (*)	
				No. of Shares	%		No. of Shares	%
1	AMIN ARCHANA KANDARP	Promoter	Same as proposed allottee being natural person	26,95,515	17.95	11,75,000	38,70,515	18.86
2	AMIN ARCHIT KANDARP	Promoter	Same as proposed allottee being natural person	8,45,395	5.63	7,75,000	16,20,395	7.90
3	AMIN SUCHIT KANDARP	Promoter Group	Same as proposed allottee being natural person	10,66,195	7.10	5,50,000	16,16,195	7.88
4	SHIMOLI AMIN	Promoter Group	Same as proposed allottee being natural person	0	0	5,00,000	5,00,000	2.44
5	MANINI AMIN	Promoter Group	Same as proposed allottee being natural person	0	0	5,00,000	5,00,000	2.44
6	VIRAJ SAMIRBHAI SHAH	Non-promoter (Public)	Same as proposed allottee being natural person	24,717	0.16	10,00,000	10,24,717	4.99
7	AMOLI SAMIR SHAH	Non-promoter (Public)	Same as proposed allottee being natural person	30,000	0.20	10,00,000	10,30,000	5.02

\*Assuming full conversion of warrant.

By virtue of this corrigendum there is no change in securities offered, the proposed allottees and other terms of the security offered.

This corrigendum should be read in continuation of and in conjunction with notice of AGM as sent earlier to you. The approval of the members at AGM is sought for Item no. 3 (Special Business) as altered by this corrigendum read with the notice.

This corrigendum along with the notice is available on the website of the Company i.e. [www.architorg.com](http://www.architorg.com) and will also be placed on the website of the stock exchange at [www.bseindia.com](http://www.bseindia.com).

Place : Ahmedabad  
Date: September 10, 2020

**REGISTERED OFFICE**  
PLOT NO. 25/9-A, PHASE III,  
G.I.D.C. NARODA,  
AHMEDABAD - 382 330

**BY ORDER OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED**

**(KANDARP K. AMIN)**  
Chairman & Whole Time Director  
DIN: 00038972

# ARCHIT ORGANOSYS LIMITED

CIN: L24110GJ1993PLC019941

REGD. OFFICE: PLOT NO. 25/9-A, PHASE-III, G.I.D.C. NARODA, AHMEDABAD – 382330

PHONE: 91-79- 22821154 E-MAIL: share@architorg.com

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Date: 19<sup>th</sup> September, 2020

## REVISED CORRIGENDUM TO NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)

This is in reference to notice dated 1<sup>st</sup>September, 2020 convening 27th Annual General Meeting (AGM) of the shareholders of the Company to be held at 11 A.M. on Tuesday, 29th September, 2020 through two-way Video Conferencing ('VC') facility or other audio visual means ('OAVM') for seeking approval of the members for the businesses as mentioned in the said notice.

Stakeholders are advised to take note of the following changes/modifications in the Notice through this revised corrigendum:

- 1) In the explanatory statement to Item No. 3, in the point 5 under the heading "Intention of Promoters / Directors / Key Managerial Personnel to subscribe to the preferential issue" names of Promoters/ Directors shall be read as AMIN ARCHANA KANDARP and AMIN ARCHIT KANDARP and that name of the person belonging to Promoter Group shall be read as AMIN SUCHIT KANDARP, SHIMOLI AMIN and MANINI AMIN.
- 2) In the last paragraph of the Explanatory statement to Item No. 3, the names of the Directors shall be read as AMIN ARCHANA KANDARP and AMIN ARCHIT KANDARP.

By virtue of this revised corrigendum there is no change in securities offered, the identity of proposed allottees and other terms of the security offered.

This revised corrigendum should be read in continuation of and in conjunction with notice of AGM as sent earlier to you along with corrigendum dated 10<sup>th</sup> September, 2020. The approval of the members at AGM is sought for Item no. 3 (Special Business) as altered by this corrigendum.

This notice along with corrigendum(s) is available on the website of the Company i.e. [www.architorg.com](http://www.architorg.com) and will also be placed on the website of the stock exchange at [www.bseindia.com](http://www.bseindia.com).

Place : Ahmedabad  
Date: September 18,2020

BY ORDER OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED

REGISTERED OFFICE  
PLOT NO. 25/9-A, PHASE III,  
G.I.D.C. NARODA,  
AHMEDABAD - 382 330

(KANDARP K. AMIN)  
Chairman & Whole Time Director  
DIN: 00038972

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statement of Accounts for the year ended on 31st March, 2020.

**FINANCIAL RESULTS:**

The operating results of the Company for the year ended on 31st March, 2020 are briefly indicated below:

	(₹ in lacs)	
	Year 2019-2020	Year 2018-2019
Total Income	7897.81	8713.99
Operating Cost including Depreciation	7661.62	8980.16
Financial Expenses	315.30	359.45
<b>Total Expenses</b>	<b>(7976.92)</b>	<b>(9339.61)</b>
<b>Profit before Taxation</b>	<b>(79.11)</b>	<b>(625.62)</b>
Provision for taxation - For Current Tax	-	-
Provision for taxation - For Deferred Tax	(3.82)	154.04
MAT credit Entitlement	4.81	-
<b>Profit after Taxation</b>	<b>(80.11)</b>	<b>(471.58)</b>

**DIVIDEND AND TRANSFER TO RESERVES:**

In view of losses, your directors show their inability to recommend any dividend for the financial year. Further the Company has not transferred any amount to reserves during the year.

**PERFORMANCE OF THE COMPANY & FUTURE PROSPECTS:**

Company total sales have decreased by 9% as compared to last year. However total expenses of the company during financial year have decreased by 14.59% as compared to last year.

Also net loss of the company has reduced to Rs. 80.11 Lacs as compared to Loss of Rs. 471.58 Lacs in previous year.

The novel Corona virus [COVID-19] pandemic is spreading around the globe rapidly. The virus has taken its toll not just on human life, but business and financial markets to the extent of which is currently indeterminate. In view of the lockdown across the country due to the outbreak of COVID -19 pandemic, operations of the Company's are also affected. The Company has been critically evaluating various financial parameters affecting the operations of the Company. However, it would be difficult to ascertain the actual impact in monetary terms due to COVID- 19 pandemic. The management has taken proper measures for reducing the impact of COVID- 19.

The Company is confident to have better future performance.

**MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY FROM THE CONCLUSION OF THE FINANCIAL YEAR TILL THE END OF THIS REPORT:**

There were no other material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of this report.

**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT:**

A report on Management Discussion and Analysis (MDA) is annexed to this report as **Annexure II**, inter-alia deals adequately with the operations and also current and future outlook of the Company.

**SHARE CAPITAL**

The paid up capital of the Company is Rs. 15,02,07,230/- divided into 1,50,20,723 equity shares of Rs. 10/- each.



**DEPOSITS:**

The Company has not accepted or renewed any deposits from public falling within the purview of Section 73 of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**CORPORATE SOCIAL RESPONSIBILITY:**

The Company does not fall under the criteria mentioned in Section 135 of the Companies Act, 2013 ("the Act") read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, and accordingly the Company is not required to constitute CSR Committee and to spend any amount in CSR Activity.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Pursuant to the provisions of Section 152 and other applicable provisions if any, of the Companies Act, 2013, Shri Kandarp K. Amin (DIN:00038972), Whole Time Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and he being eligible offers himself for re-appointment.

Upon expiration of term of appointment, the Board of Directors has re-appointed Shri Kandarp Amin, Smt. Archana Amin and Shri Archit Amin as Whole Time Director on the Board w.e.f. 1<sup>st</sup> April, 2020, 1<sup>st</sup> April, 2020 and 12<sup>th</sup> May, 2020 respectively. Necessary resolutions have been proposed at ensuing Annual General Meeting for getting consent of members.

Your Directors recommends passing resolutions.

Following changes in Director and KMP were taken place during the Year:

1. Shri Haresh Shah has resigned from the post of Independent Director of the Company w.e.f 14<sup>th</sup> November, 2019.
2. Shri Sheeraj Desai has as an Additional Director (Category: Independent Director) of the Company w.e.f 13<sup>th</sup> February, 2020.

The Key Managerial Personnel (KMP) in the Company as per Section 2(51) and 203 of the Companies Act, 2013 are as follows:

1. Shri Kandarp Amin-Whole Time Director
2. Mr. Gajendra Sigh Rajput - Chief Financial Officer
3. Ms. Anchal Bansal – Whole Time Company Secretary

**EXTRACT OF THE ANNUAL RETURN:**

Extract of the Annual Return as on 31st March, 2020 in the prescribed form MGT - 9, pursuant to provisions of Section 92(3) of the Companies Act, 2013 and the Companies (Management and Administration) Rules 2014, is annexed to this report as **Annexure IV**.

**CORPORATE GOVERNANCE REPORT:**

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on "Corporate Governance" is attached as an **Annexure III and** forms part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 with respect to the Directors' responsibility Statement, the Directors' confirms that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- ii. they have selected such appropriate accounting policies and applied them consistently and made judgments and estimates that were 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 on 31st March,2020 and of the loss of the Company for the year under review;
- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the accounts for the period ended on 31st March, 2020 on a going concern basis.
- v. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **ARCHIT ORGANOSYS LIMITED**

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### **NUMBER OF BOARD MEETINGS:**

During the year the Board of Directors duly met Five(5) times. The details of the Board Meetings are provided in the Corporate Governance Report which is annexed to the Report.

### **INSURANCE:**

The properties and assets of the Company are adequately insured.

### **DECLARATION BY INDEPENDENT DIRECTORS:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 with respect to the declaration given by the Independent Directors of the Company under Section 149 (6) of the Companies Act, 2013, the Board hereby confirms that all the Independent Directors have given declarations and further confirms that they meet the criteria of Independence as per the provisions of Section 149(6).

### **PERFORMANCE EVALUATION OF THE BOARD COMMITTEES AND INDEPENDENT DIRECTORS:**

Pursuant to the provisions of the Companies Act, 2013 and Rules framed thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 formal annual evaluation is to be made by the Board of its own performance and that of its Committees and Individual Directors. The Board after taking into consideration the criteria of evaluation laid down by the Nomination and Remuneration Committee in its policy such as Board Composition, level of involvement, performance of duties, attendance etc. have evaluated its own performance, the performance of its committees and Independent Directors (excluding the Director being evaluated).

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

### **POLICY ON DIRECTORS APPOINTMENT AND POLICY ON REMUNERATION:**

Pursuant to the requirements of the Companies Act, 2013, the policy on appointment of Board Members and policy on remuneration of the Directors, KMPs and other employees is as attached as **Annexure V** to this report.

### **SECRETARIAL AUDIT REPORT:**

M/s. Darshan Kinkhabwala & Associates, Practicing Company Secretaries, was appointed as Secretarial Auditor of the Company for the financial year 2019-20 pursuant to the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report submitted by them in prescribed form MR-3 is attached as **Annexure VI** to this report.

There are no qualifications or other observations or remarks of the Secretarial Auditor in the Report issued by them for the financial year 2019-20 which call for any explanation from the Board of Directors.

### **CONTRACTS OR AGREEMENTS WITH RELATED PARTIES:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013 all the contracts and arrangements with related parties entered by the Company during the financial year were in ordinary course of Business and on arms' length basis. Details of the transactions are as mentioned in **Annexure VIII**.

During the year the Company has not entered into any materially significant related party transactions which may have potential conflict with the interest of the Company at large. Suitable disclosures as required are provided in IndAS-24 which is forming the part of the notes to financial Statement.

The policy on Related Party Transactions has been uploaded on the website i.e. [www.architorg.com](http://www.architorg.com).

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

Details pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure-VII** to this report.

The statement containing particulars of employees as required under section 197 of the Companies Act, 2013 read with Rule 5(2) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by members at the Registered office of the Company during business hours on working days of the Company upto the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

**INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY:**

The Company has adopted internal control system considering the nature of its business and the size and complexity of operations. The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures etc. The management is taking further steps to strengthen the internal control system.

**RISK MANAGEMENT POLICY:**

The Company has formulated the Risk Management Policy in order to safeguard the organization from various risks through timely actions. It is designed to mitigate the risk in order to minimize the impact of the risk on the Business. The Management is regularly reviewing the risk and is taking appropriate steps to mitigate the risk.

In the opinion of the Board there has been no identification of element of risk that may threaten the existence of the Company.

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

The details of loan provided are as mentioned in the notes to accounts. The Company has not provided any guarantee or security or has made any investments falling under purview of Section 186 of the Companies Act, 2013 during the financial year under review.

**STATUTORY AUDITORS:**

In view of the provisions of section 139 of the Companies Act, 2013, the Company had appointed M/s. Chirag R. Shah & Associates, Chartered Accountants (Firm Registration Number- 118791W) as statutory auditor of the Company for the period of 5(five) year in the 24<sup>th</sup> Annual general Meeting.

In view of amended provisions of section 139 of The Companies Act, 2013, the appointment of auditors is not required to be ratified every year at the AGM by the members of the company and hence present statutory auditors of the company will continue to act as statutory auditor till the expiry of their present term.

**AUDITORS' OBSERVATIONS:**

**With regard to the observation of auditors relating to: -**

1. Non provision of the option loss including interest, the management is of the opinion that the said liability is of contingent nature and for the same, legal matter is pending at DRT, Mumbai. In view of the same, it is not recognized as the liability and hence no provision has been made for the option loss and interest there on.
2. Legal Proceeding has been filed by appropriate authority against Whole Time Director and Manager of the Company for alleged violation of discharging contaminated water causing death of black bucks. The Management states that, the Company and its director are not responsible for the same. The company has received letter from GPCB revoking its order for closure of the Bhavnagar unit. The legal proceeding is pending with appropriate Court. Time to time disclosures has been made to BSE Limited.

**MAINTENANCE OF COST RECORDS:**

The Directors of the Company to the best of their knowledge and belief state that the Company has maintained adequate Cost records as required to be maintained by the Company under the provisions of Section 148 of the Companies Act, 2013 read with the relevant Rules framed thereunder.

**DISCLOSURE OF AUDIT COMMITTEE:**

The Audit Committee of the Company as on 31st March, 2020 consists of following Directors as its members:

1. Shri Bhupendra Mehta -Chairman
2. Shri Sheeraj Desai -Member
3. Shri Rajendra Shah - Member

**VIGIL MECHANISM :**

Pursuant to provisions of Section 177(9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/ Whistle Blower Policy. Through this policy Directors, Employees or business associates may report the unethical behavior, malpractices, wrongful conduct, frauds, violations of the Company's code etc. to the Chairman of the Audit Committee.

The vigil mechanism / whistle blower policy is also available on the website of the Company [www.architorg.com](http://www.architorg.com).

## **ARCHIT ORGANOSYS LIMITED**

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### **COMPOSITION OF INTERNAL COMPLAINTS COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has complied with the provision relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Further, no case has been received under the said act during the year.

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

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure I** which is attached to this report.

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

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which shall affect the going concern status of the Company's operations as on date of this report.

### **INDUSTRIAL RELATIONS:**

The Company has maintained cordial relations with the employees of the Company throughout the year. The Directors wishes to place on record sincere appreciation for the services rendered by the employees of the Company during the year.

### **COMPLIANCE OF SECRETARIAL STANDARD:**

The Company has complied with the applicable secretarial standards.

### **ACKNOWLEDGEMENT:**

The Board is thankful to its bankers for their continued support and assistance, which has played important role in progress of the Company.

Your Directors places on records the contribution of employees of the Company at all levels and other business associates for their commitment, dedication and respective contribution to the Company's operations during the year under review.

**BY ORDER OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED.**

**Place : Ahmedabad  
Date: September 01,2020**

**(KANDARP K. AMIN)  
Chairman & Whole Time Director  
DIN: 00038972**

**ANNEXURE I****Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo:**

<b>(A) Conservation of energy:</b>		
(i)	the steps taken or impact on conservation of energy;	The Company has taken measures and applied strict control system to monitor day to day power consumption, to endeavor to ensure the optimal use of energy with minimum extent possible wastage as far as possible. The day to day consumption is monitored and various ways and means are opted to reduce the power consumption in an effort to save energy. The office area is designed in such a way that during day time not much artificial lighting is necessary in the office.
(ii)	the steps taken by the company for utilizing alternate sources of energy;	N.A.
(iii)	the capital investment on energy conservation equipments	Company is continuously monitoring and making effort for optimum utilization of equipments which ensure to conserve energy during routine operations. There is no specific investment plan for energy conservation.

**(B) Technology Absorption:**

(i)	the efforts made towards technology absorption;	Company has always been making best effort towards technology absorption, adaptation and innovation to improve the quality.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	It improves the quality of company's products being manufactured and reduces the cost of production.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year:-	N.A.
	(a) the details of technology imported;	N.A.
	(b) the year of import	N.A.
	(c) whether the technology been fully absorbed	N.A.
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	N.A.
(iv)	the expenditure incurred on Research and Development	NIL

**BY ORDER OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED.**

**Place : Ahmedabad  
Date: September 01, 2020**

**(KANDARP K. AMIN)  
Chairman & Whole Time Director  
DIN: 00038972**

**ANNEXURE II**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Industry Structure and Developments:**

The Company is primarily engaged in the business of manufacturing and selling of various chemical products. As per CII Conference, the secretary of Department of Chemicals and petrochemicals said this Industry is Critical and one of the driving engine of Manufacturing Sector. Indian chemical sector is worth USD 150-155 billion at present and is growing at 8-10 per cent annually," he said, adding the sector's size is poised to reach USD 300 billion by 2025.

The Company has capacity to withstand in the market and face the stiff competition prevailing in the chemical business market.

**Opportunities and Outlook:**

The Company is optimistic about its growth prospectus in the future. The Company has been concentrating on building brand image in the market.

The Company is facing stiff competition from various chemicals companies in domestic market. However, Company is well positioned to leverage the opportunities to manage the challenges that have arisen in domestic market.

**Outlook:**

The Company expects to increase its market share in the existing market by increasing through various scheme, especially in pharma industry, expanding its geographical coverage in more regions and undertaking large job contracts. We are cautiously optimistic of our prospects and believe that the year will go a long way in stabilizing our growth path. The Company also puts more efforts in R & D activities, reduction in process cycles, and improvement in existing process etc. The company is also diversifying in to pharma line, by importing bulk drugs and marketing in local market. Our Company has a well-established market of its own. The Directors are actively connected with the customers. Major customers of the Company include several large Indian and International companies who are engaged in the Agrochemical Manufacturing Sector, Pharmaceuticals Manufacturing Sector and Cosmetics Manufacturing Sector.

The Bhavnagar Facility added to the production capacity of Monochloroacetic Acid (MCA), Sodium Monochloro Acetate (SMCA) and Tri Chloro Acetyl Chloride (TCAC) to Company's product portfolio.

**Risk and Concerns:**

Company is facing competition from various small-scale manufacturers in certain products. Manufacturing cost and administrative costs are also increasing day by day. But Company is equipped to meet the challenges by better marketing tactics and effective management of cost and expenses.

The Company is also required to follow and maintain the norms laid down by Gujarat Pollution Control Board (GPCB) for discharge of its effluents. The Company is adhering to the norms laid down by GPCB and has spent a large amount of funds on changing the old machinery and erecting new machines which adhere to the new stringent laws of GPCB.

**Internal Control Systems and their adequacy:**

The Company has an adequate system of Internal Control relating to purchase of stores, raw materials, plant & machineries, equipments & various components and for the sale of goods commensurate with the size and nature of business of the Company.

The system of Internal Control of the Company is adequate keeping in mind the size and complexity of our Company's business. Systems are regularly reviewed to ensure effectiveness.

**Financial Performance:**

Financial Performance with respect to Operational Performance is discussed in the main part of the Report. Operational expenditures have also increased because of the establishment of Bhavnagar Unit.

**Return on Net worth:**

**Return on Net worth** is Negative of 2.34%

**Material Developments in Human Resources / Industrial Relations:**

The Chemical industry is knowledge driven, considering this aspect we continue to build our team with high quality talent. The Company is putting thrust on providing training both in-house and outside. The key personnel are technically qualified and fully trained to run chemical plants.

The Company maintains cordial & harmonious relation with its employees.

**BY ORDER OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED.**

**Place : Ahmedabad  
Date: September 01, 2020**

**(KANDARP K. AMIN)  
Chairman & Whole Time Director  
DIN: 00038972**

**ANNEXURE III****CORPORATE GOVERNANCE REPORT****1) Company's Philosophy on Code of Corporate Governance.**

The Company believes that good corporate governance leads to corporate growth and long term gain in shareholders' value. The spirit of Corporate Governance is prevailing in the Company. The Company is committed to maintain the highest standards of corporate governance in its conducts towards shareholders, employees, customers, suppliers and other stakeholders.

Our focus on sustainable growth, productivity improvement, commitment to quality and safety in operations is unrelenting.

**2) Board of Directors.**Composition:

The Board of Directors consists of Six Directors consisting of Shri Kandarp K. Amin, Chairman and Whole Time Director, Smt. Archana K. Amin, Whole - Time Director of the Company and Shri Archit K Amin, Whole Time Director and other three Independent Directors. The composition of Board of Directors is in compliance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board meetings:

During the year, five Board Meetings were held on 30-05-2019, 13-08-2019, 14-11-2018, 13-01-2020, 13-02-2020. The Company has observed the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding meeting of Board of Directors and that the time gap between two consecutive board meetings was not more than one hundred and twenty days.

The composition of the Board and the attendance of Directors at the Board Meetings during the year and at the last Annual General Meeting and also number of other directorship and committee Memberships are given below:

Sr.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	@No. of other Directorship in companies at the year end	*No. of Committee Membership/ Chairmanship in other domestic companies at the year end	
						Member	Chairperson
1.	Shri Kandarp Amin	Promoter/Whole Time Director/Executive	05	Yes	1	-	-
2.	Smt. Archana Amin	Promoter/Whole Time Director /Executive	05	No	-	-	-
3.	Shri. Archit Amin	Promoter/Whole Time Director/ Executive	05	Yes	-	-	-
4.	Shri Haresh Shah (Resigned w.e.f. 14-11-2019)	Independent & Non-Executive Director	03	No	-	-	-
5.	Shri Bhupendra Mehta	Independent & Non-Executive Director	05	No	-	-	-
6.	Shri Rajendra Shah	Independent Non-Executive Director	05	Yes	2	1	2
7.	Shri Shreeraj Desai (Appointed w.e.f. 13.02.2020)	Additional Independent Non-Executive Director	-	-	-	-	-

**Note:**

@ Excludes alternate Directorships/Directorship of Private Limited Companies, Foreign Companies and Companies covered under Section 8 of the Companies Act,2013.

\* under this column, member/Chairperson of Audit Committee and Stakeholders Relationship Committee only is considered. Except Shri Rajendra Shah, none of the other Director is Director in any other listed entity. Shri Rajendra Shah is acting as an Independent Director in Bhagwati Autocast Limited.

Shri Kandarp K. Amin, Chairman and Whole Time Director is spouse of Smt. Archana K. Amin, Whole Time Director of the Company and father of Shri Archit Amin, Whole time Director of the Company. Apart from that none of the other Directors are related to each other in any way.

## ARCHIT ORGANOSYS LIMITED

The Company did not have any pecuniary relationship or transactions with the non-executive directors during the year under review.

Shri Haresh Shah has resigned as an Independent Director w.e.f. 14-11-2019 on account of personal reasons and the Company has received the confirmation from him that there is no other material reason other than that provided by him for resignation.

None of Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

Shareholding of Non-Executive Directors as on 31st March, 2020 is as follows:

Name of the Directors	Number of Equity Shares
Shri Bhupendra Mehta	100
Shri Sheeraj Desai	NIL
Shri Rajendraprasad Shah	NIL

The policy of familiarization programme of Independent Directors of the Company is available on the website of the Company i.e. <https://www.architorg.com/>

### Qualifications and Expertise of Board of Directors:

The details pertaining to expertise/ skills sought by the Board and name of Directors possessing the same:

Skills/ Expertise	Name of Director
Manufacturing	Shri Kandarp Amin, Smt. Archana Amin, Shri Archit Amin, Shri Bhupendra Mehta and Shri Rajendra Shah
Corporate Strategy and planning	Shri Kandarp Amin, Smt. Archana Amin, Shri Archit Amin and Shri Bhupendra Mehta
Commercial and Financial	Shri Kandarp Amin, Smt. Archana Amin, Shri Archit Amin
Human resources	Smt. Archana Amin, Shri Archit Amin and Shri Shreeraj Desai
Legal expertise	Shri Kandarp Amin and Shri Archit Amin
Administrative Management	Shri Kandarp Amin, Smt. Archana Amin, Shri Archit Amin and Shri Rajendra Shah

### Confirmation regarding Independent Directors

Pursuant to the provisions of Section 134 of the Companies Act, 2013 with respect to the declaration given by the Independent Directors of the Company under Section 149 (6) of the Companies Act, 2013, the Board hereby confirms that all the Independent Directors fulfill the conditions specified in the SEBI (LODR) Regulations, 2015 and are independent of the management.

The Company has received Certificate from M/s. Kinkhabwala & Associates, Practicing Company Secretaries certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory Authority.

All the recommendations made by the various committees have been accepted by the Board.

### 3) Audit Committee

As required under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted an Audit Committee consisting of following Directors as Members of the Committee:

Name of Audit Committee Members	Category	No. of Meetings held	No. of Meetings attended
Shri Haresh Shah, Chairman [ceased w.e.f. 14-11-2019]	Independent Director	3	3
Shri Bhupendra Mehta, Member	Independent Director	4	4
Shri Rajendra J. Shah, Member	Independent Director	4	4
Shri Shreeraj Desai, Member [appointed w.e.f. 13-02-2020]	Independent Director	N.A.	N.A.
Shri Kandarp K. Amin, Member (Appointed w.e.f. 14-11-2020 and ceased w.e.f. 13-02-2020)	Executive- Whole Time Director	1	1



The composition of Committee is in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year, 4 (Four) Committee Meetings were held on 30-05-2019, 13-08-2019, 14-11-2019, 13-02-2020 in which required quorum was present.

The functions of Audit Committee as outlined in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as mentioned below:

**Brief description of Terms of Reference:**

1. To review the quarterly (un-audited) and annual financial statements before the same are submitted to the Board and to oversee the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, adequate and credible;
2. The recommendation for appointment, remuneration and terms of appointment of Auditors of the company;
3. To review and monitor the Auditors independence, performance and effectiveness of audit process;
4. To review the adequacy of internal control systems, evaluation of internal financial controls and risk management systems and to review the functioning of the Whistle Blower mechanism;
5. Scrutiny of loans, advances and investments, valuation of undertakings or assets of the company, wherever it is necessary and to approve the transactions of the company with related parties and any subsequent modification thereto;
6. To review the utilization of loans and/ or advances from/investment in the subsidiary Company, if any exceeding Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
7. To carryout any other function that relates to accounts and audit of the company.

The time gap between any two consecutive committee meetings was less than 120 days. The audit committee adheres to the SEBI guidelines in terms of quorum of its meetings, functioning, role and powers as also those set out in the Companies Act, 2013.

**4) Nomination and Remuneration Committee**

As required under the provisions of Companies Act, 2013, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has constituted the Nomination and Remuneration Committee consisting of following Directors as Members of the Committee:

<b>Name of Nomination and Remuneration Committee Members</b>	<b>Category</b>	<b>No. of Meetings held</b>	<b>No. of Meetings attended</b>
Shri Haresh K. Shah, Chairman [ceased w.e.f. 14-11-2019]	Independent Director	2	2
Shri Bhupendra V. Mehta, Member	Independent Director	3	3
Shri Rajendra J. Shah, Member	Independent Director	3	3
Shri Shreeraj Desai, Member [appointed w.e.f. 13-02-2020]	Independent Director	N.A.	N.A.

During the year 3 (three) committee meetings were held on 13-08-2019, 14-11-2019 and 13-02-2020.

**Brief description of Terms of Reference is as under:**

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down;
2. To recommend to the Board their appointment and removal and shall carry out evaluation of Directors' performance;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
4. To recommend to the Board, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Accordingly, Committee reviews the remuneration package of the Whole Time Directors of the Company and recommends suitable remuneration package / revision to the Board, in accordance with the guidelines laid out by the statute.

**Performance Evaluation:**

The Performance of the Independent Director is evaluated based on the criteria such as his knowledge, experience, integrity, expertise in any area, number of Board/Committee meetings attended, time devoted to the Company, his participation in the Board/Committee meetings etc. The Performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Directors, the Director who was subject to the evaluation did not participate.

**Remuneration Policy:**

In accordance with the provisions of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee recommended the remuneration policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees which was approved by the Board and is annexed with the Directors' Report.

**Details of remuneration paid for the year ended on 31-03-2020.**

Name	Position held During the period	Salary and Allowances ₹ In lacs	Perquisites
Shri. Kandarp K Amim	Whole-time Director	78.00	As per the approval of the shareholders and policy of Company
Smt. Archana K. Amin	Whole -time Director	72.00	
Shri. Archit K. Amin	Whole -time Director	45.00	

**Service Contract and Notice Period:** The appointment of Shri Kandarp K. Amin, Smt. Archana K. Amin and Shri Archit Amin as Whole Time Directors of the Company is for the 3 years, terminable by six months' notice in writing by either side.

There was not any performance linked incentives paid to Whole-time Directors. The Company has not formulated any scheme for giving any stock options to the employees. Hence no stock options have been granted to the Executive Directors during the year ended on 31-03-2020.

The Company has not paid sitting fees to any Independent Directors and the Company does not have any pecuniary relationship with its non-executive Directors except to the extent of their shareholding in the Company, if any.

**5) Stakeholders Relationship Committee**

As required under the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has constituted Stakeholders Relationship Committee which looks in to matter of redressing investor/shareholders grievances, investor complaints, approves transfer and transmission of shares; authorizes issue of duplicate share certificates and generally deals with all matters in connection with shares issued by the Company from time to time.

Shri Bhupendra Mehta (Independent Director) being the Chairman heads the committee.

**Name and Designation of Compliance Officer:**

Ms. Anchal Bansal – Whole -Time Company Secretary and Compliance Officer.

**The status of the Investors' Complaints during the Financial Year 2019-20 are as under:**

Investor Complaints during F Y 2018-19	No. of Complaints
Pending at the beginning of the Financial Year 2019-20	0
Received during the Financial Year 2019-20	0
Disposed of during the Financial Year 2019-20	0
Remaining unresolved at the end of the Financial Year 2019-20	0

**6) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

As the Company does not fall under the criteria mentioned in the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the company is not required to constitute Corporate Social Responsibility Committee.

**7) RISK MANAGEMENT COMMITTEE:**

The Company has in place a committee known as “Risk Management Committee”. The brief terms of reference of the Committee are as under:

**Brief description of Terms of Reference:**

- To consider, review and recommend the Risk Management Policy, guidelines, processes and practices of the Company.
- To ensure that the Company is taking the appropriate measures to achieve balance between the risk and reward in on going and new business activities.
- To evaluate significant risk exposures of the Company and assess management’s actions to mitigate the exposures in a timely manner.
- To adopt best method in the interest of the Company to deal with different kinds of risks being confronted by the Company.

The Composition of the Committee is as under:

<b>Name of Risk Management Committee Members</b>	<b>Composition</b>
Shri Kandarp Amin, Chairman	Executive Director
Smt. Archana Amin	Executive Director
Shri Bhupendra Mehta	Independent Director

However as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company is not mandatorily required to constitute a Risk Management Committee.

The Board of Directors has framed, approved and implemented risk management policy of the company including identification of element of risk. The Primary purpose of the policy is to review the major risks identified by the Management along with the Mitigation plan, monitoring and reviewing the Company’s risk Management plan and to apprise the Board on the risk assessment and minimization process. The Policy is available on the website of the Company [www.architorg.com](http://www.architorg.com).

**8) INDEPENDENT DIRECTORS:**

As per the provisions of the Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company shall hold at least one meeting in the year without attendance of the Non Independent Directors. Independent Directors at their meeting held on 30-05-2019 has reviewed the performance of the Non Independent Directors (Including the Chairman of the Company) and assessed the quality, quantity and timeliness of the flow of information between the Company and the Management. All the independent Directors have attended the meeting.

All the Independent Directors meet the criteria of Independence as mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**9) Vigil Mechanism Policy:**

In accordance with the provisions of the Companies Act, 2013 and the Rules made there under read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a Vigil Mechanism Policy (Whistle Blower Policy) for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company’s Code of Conduct or Ethics Policy, which also provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provide for direct access to the chairman of the Audit Committee in exceptional cases.

The Vigil Mechanism Policy is devised in such a manner that would enable the stakeholders, including individual employees and their representative bodies, to freely communicate their concerns about illegal or unethical practices. Also the employees of the Company have not been denied the access to the Audit Committee to report the genuine concern or grievance.

The Vigil Mechanism Policy is made available on the website of the Company [www.architorg.com](http://www.architorg.com).

**10) Code of Fair Disclosure:**

The Board of Directors has laid down a Code of fair Disclosure as required under SEBI (Prohibition of Insider Trading Regulations), 2015. This code is applicable to all the Promoters, Directors, and Connected persons (as mentioned in the Code).

The Code of Conduct is made available on the website of the Company [www.architorg.com](http://www.architorg.com)

## ARCHIT ORGANOSYS LIMITED

### 11) General Body Meetings

Annual General Meetings held in last three financial years were as under: -

#### Annual General Meeting:

Financial Year ended	Date	Time	Venue
31-03-2019	28-09-2019	11.00 a.m.	Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad-380015
31-03-2018	27-09-2018	11.00 a.m.	S-14, First Floor, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, University Area, Ahmedabad-380015
31-03-2017	23-09-2017	10.00 a.m.	ATMA Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

No Extra Ordinary General Meeting was held during the year.

The Company has not obtained any approval by way of Postal ballot during the Year..

At the forthcoming Annual General Meeting there is no agenda that needs approval by way of Postal Ballot.

The following are the Special Resolutions passed at General Meetings held in the past 3 financial years:

Annual General Meeting (AGM)	Summary
AGM 2019	1. Payment of remuneration to Executive Directors who are Promoters or members of the Promoter Group in excess of the threshold limit prescribed under the said regulation as per Regulation 17(6) (e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018
AGM 2018	1. Re-appointment of Shri Hareesh K Shah (DIN:00133704) as an Independent Director. 2. Re-appointment of Shri Bhupendra Mehta (DIN:00133677) as an Independent Director.
AGM 2017	1. Appointment of Shri. Archit K. Amin as a Whole Time Director. 2. Re-appointment of Shri Kandarp K. Amin as Whole Time Director. 3. Re-appointment of Smt. Archana K. Amin as Whole Time Director. 4. Change the Place of keeping the Register of members and other related returns.

#### Disclosures

Related party transactions during the year have been disclosed as required under applicable Indian Accounting Standard. Details of related party transactions were periodically placed before the Audit Committee. These transactions are not likely to have any conflict with the Company's interest.

The Board has approved a policy for related party transactions which has been uploaded on the website of the Company [www.architorg.com](http://www.architorg.com).

In preparation of financial statements, the Company has followed the applicable Accounting Standards. The significant accounting policies that are consistently applied have been set out in the Notes to the Accounts.

The Company has complied with the requirements of regulatory authorities and no strictures / penalties have been imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matters related to the capital market during last 3 years.

Business risk evaluation and managing such risk is an ongoing process within the organization.

The Board is regularly briefed of risk assessed and the measures adopted by the company to mitigate the risks. The Company has laid down the procedures to inform the Board members about the risk assessment and risk mitigation mechanism, which is periodically reviewed and reported to the Board of Directors by senior executives. The Company's code of conduct has clearly laid down procedures for reporting unethical behavior, actual or suspected fraud or violation of the ethics policies. No employee of the company was denied access to the Audit Committee.

Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year and no complaint is pending at the year end.

**Mandatory/ Non-Mandatory Requirements:**

During the year the Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has during the financial year ended on 31.03.2020 has not adopted any non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clause(b) to (i) of Sub regulation(2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI (LODR) Regulations:

1. The Internal Auditor reports directly to the Audit Committee.

**Fees to Statutory Auditors:**

The details of fees paid to the Statutory Auditors are given in the Note no. 38 forming part of the financial statement.

**12) Means of Communication**

**A. Financial Results:**

The Quarterly, half early and Annual Results are published in widely circulated national and local dailies such as Western Times, Gujarati and English Edition and are displayed on the website of the Company [www.architorg.com](http://www.architorg.com).

**B. News Releases, Presentations etc:**

Official News releases, press releases and presentation made to the Analysts, institutional investors etc. (if any) are displayed on the website of the Company [www.architorg.com](http://www.architorg.com).

**C. Website:**

The Company's Website [www.architorg.com](http://www.architorg.com) contains a separate dedicated section namely "Investors' Relations" where the useful information for the Shareholders is available.

- D. The Management Discussion & Analysis report forms part of the Annual Report, which is posted to all the members of the Company.

**13) General Shareholder Information**

<b>Day, Date, time and venue of AGM</b>	Saturday, September 28, 2019 at 11.00 A.M. at Ahmedabad Management Association, ATIRA Campus, Dr Vikram Sarabhai Marg, University Area, Ahmedabad, Gujarat 380015
<b>Financial Year</b>	Financial year of the Company commence from 1st April, 2019 and ends on 31st March, 2020.
Listing on Stock Exchanges	BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
Listing Fees	Company has paid listing fees to BSE Limited.
<b>ISIN No.</b>	For fully paid shares: INE078I01011
Scrip Code	524640
Registered Office	25/9/A, Phase III, GIDC Industrial Estate, Naroda, Ahmedabad – 382 330.
Dividend Payment Date	Not Applicable
Compliance Officer	Ms. Anchal Bansal
Registrar and Share Transfer Agent	LINK INTIME INDIA PVT. LTD. 5 <sup>th</sup> Floor, 506 to 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre, Off C G Road, Navrangpura, Ahmedabad - 380009.

## ARCHIT ORGANOSYS LIMITED

### 14) As on 31st March, 2020 the share price of the Company on BSE Ltd. was Rs. 5.80 per share.

The details of market price data of Fully paid up-high & low during the reporting period is as under:

Sr.No.	Month	High (In ₹)	Low (In ₹)
1.	April '19	14.69	10.32
2.	May '19	13.20	9.68
3.	June '19	12.17	7.62
4.	July '19	9.97	7.37
5.	August '19	11.20	7.19
6.	September '19	9.95	8.10
7.	October '19	11.51	8.35
8.	November '19	12.61	8.75
9.	December '19	10.29	7.25
10.	January '20	11.76	9.01
11.	February '20	10.00	6.73
12.	March '20	8.55	5.75

### 15) Financial Calendar 2020-2021(tentative)

Annual General Meeting	on or before 30th September, 2020
Results for quarter ending June 30, 2020	on or before extended period 15th September, 2020
Results for quarter ending September 30, 2020	on or before 14th November, 2020
Results for quarter ending December 31, 2020	on or before 14th February, 2021
Results for year ending March 31, 2021	on or before 30th May, 2021

### 16) Distribution of Shareholding as on 31-03-2020:

No. of Shares	No. of Shareholders	% of holders	No. of Shares	% of Shares
Up to 500	3125	70.57	8,78,076	5.85
501 - 1000	592	13.37	4,71,388	3.14
1001 - 2000	317	7.16	4,73,103	3.15
2001 - 3000	117	2.64	3,05,125	2.03
3001 - 4000	53	1.20	1,87,626	1.25
4001 - 5000	57	1.29	2,65,286	1.77
5001 -10000	89	2.01	6,21,974	4.14
10001 and above	78	1.76	1,18,18,145	78.68
<b>Total</b>	<b>4428</b>	<b>100.00</b>	<b>1,50,20,723</b>	<b>100.00</b>

### 17) Pattern of Shareholding as on 31-03-2020:

Sr. No	Category	No. of Shares	(%)
1.	Promoters & Promoter group	82,78,400	55.11
2.	Bodies Corporate	6,35,191	4.23
3.	NRIs	2,40,308	1.60
4.	Individuals / HUF	58,63,874	39.04
5.	Clearing Members	2,850	0.02
6.	Independent Directors	100	0.00
	<b>TOTAL</b>	<b>1,50,20,723</b>	<b>100.00</b>

**18) Dematerialization of Shares, Registrar & Transfer Agent & Share Transfer System.**

**(i) Share Transfer System**

The process of transfer / transmission / transposition etc. of equity shares in physical form including dispatch of the share certificates is completed within a period of 15 days if the documents are in order in all respects.

**(ii) Dematerialization of shares, Registrar & Transfer system:**

The equity shares of the Company are available for dematerialization through National securities depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**LINK INTIME INDIA PRIVATE LIMITED**, having its office at 5th Floor, 506 to 508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Off C G Road, Navrangpura, Ahmedabad – 380009 as Registrar and Share Transfer Agents being a Common Agency for Physical and Electronic modes.

1,39,71,923 equity shares comprising of 93.02% of the total equity shares of the Company are in dematerialized form.

**(iii) Investors Correspondence:**

All shareholder's queries are sent to the Company at its Registered office at Plot No. 25/9-A, Phase III, G.I.D.C. Naroda, Ahmedabad - 382 330 or to the Registrar & Transfer Agent as aforementioned address.

**19) Secretarial Audit for Reconciliation of Capital:**

As stipulated by SEBI, Practicing Company Secretaries carryout Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and report thereon is submitted to the Stock Exchange(s) where shares of the Company are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

**20) Plant Location**

The Company's plant is located at 25/9-A, Phase III, GIDC Industrial Estate, Naroda, Ahmedabad – 382330 Gujarat and Survey no 228/A, Paiki 7, Paiki 2, Village - Narmad, Bhavnagar-364313, Gujarat

**21) CEO/CFO Certification**

The CEO/CFO of the Company has given certification on the financial reporting and internal controls to the Board in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The CEO/CFO has also given quarterly certification on financial results to the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**22) Declaration for Compliance of Code of conduct:**

Pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and according to the information provided/available, it is hereby confirmed that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2019-2020. The Code of Conduct is also posted on the website of the Company i.e www.architorg.com.

**FOR AND ON BEHALF OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED**

**Date : September 01, 2020**

**Place : Ahmedabad**

**(KANDARP K. AMIN)  
Chairman & Managing Director  
DIN: 00038972**

**AUDITORS' CERTIFICATE**

To  
The Members,  
**ARCHIT ORGANOSYS LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Archit Organosys Limited** for the year ended 31st March, 2020, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievance(s) is/are pending or a period exceeding for one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Chirag R. Shah & Associates**  
Chartered Accountants

**(Chirag R Shah)**

Proprietor

Membership No. 106139

UDIN: 20106139AAAEN1685

**Date : August 24, 2020**  
**Place : Ahmedabad**



**ANNEXURE IV****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31st March, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014.

<b>I REGISTRATION &amp; OTHER DETAILS:</b>					
i	CIN	L24110GJ1993PLC019941			
ii	Registration Date	4 <sup>th</sup> August, 1993			
iii	Name of the Company	ARCHIT ORGANOSYS LIMITED			
iv	Category/Sub-category of the Company	Company Limited by shares / India Non Government Company			
v	Address of the Registered office & contact details	PLOT NO 25/9-A PHASE-III GIDC NARODA, AHMEDABAD - 382330			
vi	Whether listed company	Yes			
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	LINK INTIME INDIA PVT. LTD. 5th floor, 506-508, Amarnath Business Centre-1, (ABC-1), Beside Gala Business Centre, Near XT Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad - 380009 Ph. No.: 079- 26465179 E mail: ahmedabad@linkintime.co.in			
<b>II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>					
All the business activities contributing 10% or more of the total turnover of the company shall be stated					
SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company		
1	Mono Chloco Acetic Acid	24119	45.05		
2	CAC	24119	12.86		
3	Acetic Anhydride	24119	13.61		
4	Linear Alkyl Beneze	24119	17.05		
<b>III PARTICULARS OF HOLDING , SUBSIDIARY &amp; ASSOCIATE COMPANIES</b>					
Sr. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
N.A.					

# ARCHIT ORGANOSYS LIMITED

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to 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	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	7782705	0	7782705	51.81	8278400	0	8278400	55.11	3.30
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>7782705</b>	<b>0</b>	<b>7782705</b>	<b>51.81</b>	<b>8278400</b>	<b>0</b>	<b>8278400</b>	<b>55.11</b>	<b>3.30</b>
(2) Foreign									
a) NRI- 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/Fl	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter(A)=(A)(1)+(A)(2)</b>	<b>7782705</b>	<b>0</b>	<b>7782705</b>	<b>51.81</b>	<b>8278400</b>	<b>0</b>	<b>8278400</b>	<b>55.11</b>	<b>3.30</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/Fl	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(2) Non Institutions									
a) Bodies corporates									
i) Indian	285524	100000	385524	2.57	535191	100000	635191	4.23	1.66
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	2137265	924800	3062065	20.39	2052694	880500	2933194	19.53	-0.86
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	3247254	15000	3262254	21.72	2658564	15000	2673564	17.80	-3.92
c) Others (specify)									
NBFC	3797	0	3797	0.03	0	0	0	0	-0.03
Hindu Undivided Family	179985	0	179985	1.20	257116	0	257116	1.71	0.51
NON RESIDENT INDIANS (REPAT)	213528	53700	267228	1.78	164717	53200	217917	1.45	-0.33
NON RESIDENT INDIANS (NON REPAT)	33263	0	33263	0.22	22391	0	22391	0.15	-0.07
CLEARING MEMBER	43702	0	43702	0.29	2850	0	2850	0.03	-0.26
Director or									
Director's relatives	0	200	200	0.00	0	100	100	0.00	0.00
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6144318</b>	<b>1093700</b>	<b>7238018</b>	<b>48.19</b>	<b>5693523</b>	<b>1048800</b>	<b>6742323</b>	<b>44.89</b>	<b>-3.30</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>13927023</b>	<b>1093700</b>	<b>15020723</b>	<b>100.00</b>	<b>13971923</b>	<b>1048800</b>	<b>15020723</b>	<b>100.00</b>	<b>0.00</b>

## (ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Shri Kandarp Amin	36,71,295	24.44	0	36,71,295	24.44	0	0
2	Smt. Archana Amin	26,95,515	17.95	0	26,95,515	17.95	0	0
3	Shri Archit Amin	6,49,700	04.33	0	8,45,395	5.63	0	1.30
4	Shri Suchit Amin	7,66,195	05.10	0	10,66,195	7.10	0	2.00
	<b>Total:</b>	<b>77,82,705</b>	<b>51.81</b>	<b>0</b>	<b>82,78,400</b>	<b>55.11</b>	<b>0</b>	<b>3.30</b>

## (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>Shri Archit Amin</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>6,49,700</b>	<b>4.33</b>		
	Purchase- 26-12-2019	1,54,371	1.02		
	Purchase-12-03-2020	41,324	0.28		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>8,45,395</b>	<b>5.63</b>
2	<b>Shri Suchit Amin</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>7,66,195</b>	<b>5.10</b>		
	Purchase- 20-12-2019	3,00,00	2.00		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>10,66,195</b>	<b>7.10</b>

**ARCHIT ORGANOSYS LIMITED**
**(iv) Shareholding Pattern of top ten Shareholders  
(other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1</b>	<b>Sanjaykumar R. Patel</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>6,71,197</b>	<b>4.47</b>		
	No change during the year				
	<b>At the end of the year i.e. 31/03/2020</b>			<b>6,71,197</b>	<b>4.47</b>
<b>2</b>	<b>Shri Dheeraj Kumar Lohia</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>1,08,235</b>	<b>0.72</b>		
	Purchase- 05-04-2019	4349	0.0289		
	Purchase- 12-04-2019	29274	0.1949		
	Purchase- 26-04-2019	10000	0.0666		
	Purchase- 07-06-2019	23097	0.1538		
	Purchase- 14-06-2019	12119	0.0806		
	Purchase- 29-06-2019	30000	0.1998		
	Purchase- 05-07-2019	9144	0.0608		
	Purchase- 23-08-2019	608	0.0041		
	Purchase- 27-09-2019	4366	0.0291		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>2,31,192</b>	<b>1.54</b>
<b>3</b>	<b>Swetsam Stock Holding Private Limited</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>0</b>	<b>0.00</b>		
	Purchase-30-09-2019	3794	0.03		
	Purchase- 04-10-2019	60	0.00		
	Purchase- 11-10-2019	200000	1.32		
	<b>At on i.e. 31/03/2020</b>			<b>2,03,854</b>	<b>1.36</b>
<b>4</b>	<b>Silkon Trades LLP</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>0</b>	<b>0.00</b>		
	Purchase-11-10-2019	197981	1.32		
	Purchase- 25-10-2019	1100	0.01		
	Purchase- 17-01-2020	9	0.00		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,99,090</b>	<b>1.33</b>
<b>5</b>	<b>Shri Atul Mahendra Parikh</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>1,20,000</b>	<b>0.80</b>		
	Purchase- 10-05-2019	22736	0.15		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,42,736</b>	<b>0.95</b>
<b>6</b>	<b>Shri N B Vijaya Kumar</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>1,12,389</b>	<b>0.75</b>		
	Purchase- 11-10-2019	16,510	0.11		
	Purchase- 18-10-2019	3845	0.03		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,32,744</b>	<b>0.89</b>

Sl. No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>7</b>	<b>Shri Raj Kumar Lohia</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>33,920</b>	<b>0.23</b>		
	Purchase- 05-04-2019	8172	0.092		
	Purchase- 26-04-2019	13,811	0.1486		
	Purchase- 14-06-2019	22,323	0.0666		
	Purchase- 05-07-2019	10,000	0.2276		
	Purchase- 19-07-2019	34,200	0.092		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,22,426</b>	<b>0.82</b>
<b>8</b>	<b>Shri Abdul Rub Mohammed</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>48,740</b>	<b>0.32</b>		
	Purchase- 06-09-2019	2200	0.0146		
	Purchase- 13-09-2019	5763	0.0384		
	Purchase- 30-09-2019	3630	0.0242		
	Purchase- 04-10-2019	3,000	0.0199		
	Purchase- 11-10-2019	108	0.0008		
	Purchase- 18-10-2019	12	0		
	Purchase- 08-11-2019	13,000	0.0866		
	Purchase- 22-11-2019	1647	0.0109		
	Purchase- 06-12-2019	4151	0.0277		
	Purchase- 13-12-2019	423	0.0028		
	Purchase- 20-12-2019	650	0.0043		
	Purchase- 17-01-2020	7324	0.0488		
	Purchase- 24-01-2020	308	0.002		
	Purchase- 06-03-2020	8532	0.0568		
	Purchase- 27-03-2020	723	0.0049		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,00,211</b>	<b>0.67</b>
<b>9</b>	<b>Southern India Depository Services P LTD</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>1,00,000</b>	<b>0.67</b>		
	<b>No change during the year</b>				
	<b>At the end of the year i.e. 31/03/2020</b>			<b>1,00,000</b>	<b>0.67</b>
<b>10.</b>	<b>Shri Kenil J Shah</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>16,566</b>	<b>0.11</b>		
	Purchase- 26-04-2019	4000	0.0266		
	Purchase- 03-05-2019	21000	0.1398		
	Purchase- 31-05-2019	5997	0.0399		
	Purchase- 07-06-2019	18533	0.1234		
	Purchase- 14-06-2019	1685	0.0112		
	Purchase- 21-06-2019	10783	0.0718		
	Purchase- 29-06-2019	33	0.0003		
	Purchase- 30-09-2019	2300	0.0153		
	Purchase- 01-11-2019	98	0.0006		
	Purchase- 08-11-2019	1487	0.0099		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>82,482</b>	<b>0.55</b>

**ARCHIT ORGANOSYS LIMITED**
**(v) Shareholding of Directors & KMP**

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	<b>Shri Kandarp Amin</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>36,71,295</b>	<b>24.44</b>		
	No change during the year	-	-	-	-
	<b>At the end of the year i.e. 31/03/2020</b>			<b>36,71,295</b>	<b>24.44</b>
2	<b>Smt. Archana Amin</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>26,95,515</b>	<b>17.95</b>		
	No change during the year	-	-	-	-
	<b>At the end of the year i.e. 31/03/2019</b>			<b>26,95,515</b>	<b>17.95</b>
3	<b>Shri Archit Amin</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>6,49,700</b>	<b>4.33</b>		
	Purchase- 26-12-2019	1,54,371	1.02		
	Purchase 12-03-2020	41,324	0.28		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>6,49,700</b>	<b>4.33</b>
4	<b>Shri Bhupendra Mehta</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>100</b>	<b>0.00</b>		
	No change during the year	0	0.00		
	<b>At the end of the year i.e. 31/03/2020</b>			<b>100</b>	<b>0.00</b>
5	<b>Shri Haresh Shah</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>100</b>	<b>0.00</b>		
	No change during the year				
	<b>At the end of the year i.e. 31/03/2020</b>			<b>100</b>	<b>0.00</b>
6	<b>Shri Rajendraprasad Shah</b>				
	<b>At the beginning of the year i.e. 01/04/19</b>	<b>0</b>	<b>0.00</b>		
	No change during the year				
	<b>At the end of the year i.e. 31/03/2020</b>			<b>0</b>	<b>0.00</b>
7	<b>Shri Sheeraj Desai</b>				
	<b>As on i.e. 13/02/2020 (date of Appointment)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	No change during the year	0	0	0	0
	<b>At the end of the year i.e. 31/03/2020</b>			<b>0</b>	<b>0</b>
8	<b>Ms. Anchal Bansal, Company Secretary</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	No change during the year	-	-	-	-
	<b>At the end of the year i.e. 31/03/2010</b>			<b>0</b>	<b>0</b>
9	<b>Mr. Gajendrasingh Rajput, Chief Financial Officer</b>				
	<b>At the beginning of the year i.e. 01/04/2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	No change during the year	-	-	-	-
	<b>At the end of the year i.e. 31/03/2020</b>			<b>0</b>	<b>0</b>

**V INDEBTEDNESS**

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

(Amount in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	3717.32	-	-	<b>3717.32</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3717.32</b>	-	-	<b>3717.32</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	176.40	-	-	176.40
Reduction	(565.13)	-	-	(565.13)
<b>Net Change</b>	<b>(388.73)</b>	-	-	<b>(388.73)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3328.59	-	-	<b>3328.59</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3328.59</b>	-	-	<b>3328.59</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
1	<b>Gross salary</b>	Shri Kandarp Amin	Smt. Archana Amin	Shri Archit Amin	
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	78,00,000	72,00,000	45,00,000	1,95,00,000
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	
2	Stock option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	- others (specify)	-	-	-	
5	Others, please specify				
	<b>Total (A)</b>	<b>78,00,000</b>	<b>72,00,000</b>	<b>45,00,000</b>	<b>1,95,00,000</b>
	<b>Ceiling as per the Act</b>	<b>(Within the limits prescribed under Schedule V)</b>			

## ARCHIT ORGANOSYS LIMITED

### B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors
1	Independent Directors	<b>None</b>
(a)	Fee for attending board committee meetings	
(b)	Commission	
(c)	Others, please specify	
	<b>Total (1)</b>	
2	Other Non Executive Directors	
(a)	Fee for attending board committee meetings	
(b)	Commission	
(c)	Others, please specify.	
	<b>Total (2)</b>	
	<b>Total (B)=(1+2)</b>	
	<b>Total Managerial Remuneration</b>	<b>1,95,00,000</b>
	<b>Overall Ceiling as per the Act.</b>	<b>Within the limits prescribed under schedule V for each director.</b>

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		*CEO	Company Secretary	CFO	Total
1	<b>Gross Salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	1,68,000	2,58,000	<b>4,26,000</b>
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	<b>1,68,000</b>	<b>2,58,000</b>	<b>4,26,000</b>

\* Shri Kandarp Amin, Chairman and Whole-Time Director is also Key Managerial Personnel of the Company and his remuneration is shown in VI(A).

## VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties / punishments / compounding of offences for the year ended on 31st March, 2020.

**For and on behalf of the Board,  
For Archit Organosys Limited**

Place : Ahmedabad  
Date : September 01,2020

(Kandarp K. Amin)  
Chairman and Whole-time Director  
DIN: 00038972



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ANNEXURE V

**POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:**

In terms of Section 178 of the Companies Act, 2013 read with the applicable rules thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Nomination and Remuneration Committee recommended the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company which was approved and adopted by the Board of Directors of the Company.

**Objectives:**

- To provide guidance to the Board for appointment and removal of Directors, KMP and Senior Management;
- To formulate criteria for performance evaluation of Directors, KMP and Senior Management and to provide necessary evaluation report to the Board;
- To recommend to the Board remuneration payable to the Directors, KMP and Senior Management.

**Role of Nomination and Remuneration Committee:**

The Committee shall perform the role for following matters:

**Criteria for appointment of Director:**

- To determine the age, qualifications, qualities, skills, positive attributes and independence of a director and other expertise required to be a Director.

**Nomination of directors:**

- Identifying, screening and reviewing candidates qualified to be appointed as Executive Directors, Non-Executive Directors and Independent Directors.
- Recommending to the Board candidature for appointment or re-appointment of Directors;
- The Nomination and Remuneration Committee may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board of Directors. The Committee will review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it deem fit and appropriate, passing on the recommendations for the nomination to the Board.

**Evaluation of Director:**

- The Committee develops, subject to approval by the Board, a process for an annual evaluation of the performance of the Board, the individual directors on the basis of detailed performance parameters set for directors at the beginning of the year.
- The Committee may, from time-to-time, also evaluate the usefulness of such performance parameters, and make necessary amendments.

**Consultative role:**

- The Nomination and Remuneration Committee plays a consultative role for any appointment requiring Board approval, as stipulated by law or regulation, for senior management positions. It provides its advice and recommendations to the Board.

Senior Management of the Company consist of:

All the officers / personnel of the Company involved in the core management team and all the members excluding the Board of Directors of the management that are one level below CEO / MD / WTD / Manager and includes the Chief financial officer and Company Secretary of the Company.

**Evaluation of KMP and Senior Management:**

- The committee shall annually review and approve for the KMP and Senior Management the corporate goals and objectives applicable to them, evaluate at least annually their performance in light of those goals and objectives, and determine and approve their (a) annual base salary, (b) annual incentive bonus, including the specific goals and amount, (c) any other benefits, compensation or arrangements, based on this evaluation.

## **ARCHIT ORGANOSYS LIMITED**

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- The Committee may also make recommendations to the Board with respect to incentive compensation plans. The committee may review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation, and evaluate compensation policies and practices that could mitigate any such risk.

### **Duties of Nomination and Remuneration Committee:**

#### **A. The duties of the Committee in relation to nomination matters include:**

- To ensure that appropriate induction and training programme are in place for new Directors and members of Senior Management and to periodically review its effectiveness;
- To ensure that on appointment, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- To ensure that the Independent Directors continues to fulfill the Independence criteria as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.
- To determine the appropriate size, diversity and composition of the Board;
- To identify and recommend names of Directors who are to retire by rotation;
- To set up a formal and transparent procedure for selecting Directors for appointment to the Board;
- To evaluate the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- To develop a succession plan for the Board and Senior Management and to regularly review the plan;
- To recommend necessary changes in the Board;
- To delegate any of its powers to the members or the Secretary of the Committee;
- To decide for extension or to continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To consider any other matters as may be requested by the Board.

#### **B. The duties of the Committee in relation to remuneration matters include:**

- To recommend the remuneration payable to the Senior Management of the Company in accordance with the Remuneration Policy of the Company and while designing the remuneration package it must consider that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- To ensure that the remuneration to Directors, KMP and Senior Management of the Company involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- To delegate any of its powers to the members or the Secretary of the Committee;
- To consider any other matters as may be requested by the Board.

**FOR AND ON BEHALF OF THE BOARD  
FOR ARCHIT ORGANOSYS LIMITED**

**Place : Ahmedabad  
Date : September 01,2020**

**(KANDARP K. AMIN)  
CHAIRMAN AND WHOLE TIME DIRECTOR  
DIN: 00038972**

**ANNEXURE VI**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED on March 31, 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,  
**ARCHIT ORGANOSYS LIMITED.**  
**CIN: L24110GJ1993PLC019941**  
Plot No. 25/9-A, Phase-III,  
GIDC Naroda,  
Ahmedabad - 382 330

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARCHIT ORGANOSYS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) 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;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 -Not Applicable as the Company has not issued any Shares / options to the Directors /Employees under the said Regulations during the year under review;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -Not Applicable as the Company has not issued any debt securities during the year under review;
  - (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-Not Applicable as the securities of the Company have not been delisted from any Stock Exchange during the year under review;
  - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 -Not Applicable as the Company has not bought – back any of its securities during the year under review;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## ARCHIT ORGANOSYS LIMITED

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

- i. Secretarial Standards issued by The Institute of the Company Secretaries of India (ICSI) and made effective from time to time.
- ii. The Uniform Listing Agreement entered into by the Company with BSE Limited.

During the Audit period under review, the Company has complied with all material aspects of the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

**We further report that:**

During the audit period under review there were no specific laws which were exclusively applicable to the Company / Industry. However, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records on test - check basis, the Company has complied with the material aspects of the following significant laws applicable to the Company being engaged in the manufacturing activities:

1. Factories Act, 1948;
2. Acts prescribed under prevention and control of pollution;
3. Acts prescribed under Environmental protection.

**We further report that:**

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

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

Decisions at the meetings of Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members' on any of the matters during the year that were required to be captured and recorded as part of the minutes.

**We further report that :**

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines such as Labour Laws, the Trade Marks Act, 1999, the Indian Copyright Act, 1957, the Patents Act, 1970.

**We further report that:**

The compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, have not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditor(s) and other designated professionals.

**We further report that :**

During the audit period under review, there were no instances of:

- a) Public/Right issue of shares/ debentures/sweat equity etc.;
- b) Redemption / buy-back of securities;
- c) Obtaining the approval from Shareholders under Section 180 of the Companies Act, 2013;
- d) Merger / amalgamation / reconstruction, etc.;
- e) Foreign technical collaborations.

FOR KINKHABWALA & ASSOCIATES  
COMPANY SECRETARIES  
DARSHAN KINKHABWALA

Date : August 24, 2020  
Place : Ahmedabad

DARSHAN KINKHABWALA  
PROPRIETOR  
PRACTICING COMPANY SECRETARY  
ACS No.: 53260 C. P. No.: 21883  
UDIN: A053260B000608320

**Note:**

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

**ANNEXURE - A**

To,  
The Members,  
**ARCHIT ORGANOSYS LIMITED**  
**CIN: L24110GJ1993PLC019941**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation 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, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR KINKHABWALA & ASSOCIATES  
COMPANY SECRETARIES  
DARSHAN KINKHABWALA

Date : August 24, 2020  
Place : Ahmedabad

DARSHAN KINKHABWALA  
PROPRIETOR  
PRACTICING COMPANY SECRETARY  
ACS No.: 53260 C. P. No.: 21883  
UDIN: A053260B000608320

**ANNEXURE VII**

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

- i. **Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year ended on 31<sup>st</sup> March, 2020;**

(Amount in ₹)

Sr. No.	Director	Remuneration	Median Remuneration	Ratio
1.	Shri Kandarp K. Amin	78.00 Lacs	1.97 Lacs	39.59:1
2.	Smt. Archana K. Amin	72.00 Lacs	1.97 Lacs	39.59:1
3.	Shri Archit K. Amin	45.00 Lacs	1.97 Lacs	22.84:1

- ii. **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

Sr. No.	Key Managerial Personnel	% increase
1.	Shri Kandarp K. Amin, Whole Time Director	30.00
2.	Smt. Archana K. Amin, Whole Time Director	20.00
3.	Shri Archit K. Amin, Whole Time Director	25.00
4.	Company Secretary	-
5.	Chief Financial Officer	-

- iii. **The percentage increase in the median remuneration of employees in the financial year;**

2.60% increase in the median remuneration of the employees in the financial year

- iv. **The Company has 85 permanent employees on the rolls of company**

(Out of Total 85 permanent employees, 67 employees are working at Bhavnagar unit and remaining 18 working at Naroda unit)

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

Payment of salary of non-managerial personnel is based on different grades, experience and qualification. The same is in line with the industrial pattern.

The increase in remuneration of Whole Time Directors is in accordance with the remuneration policy and approval taken from the members of the Company.

- vi. **The key parameters for any variable component of remuneration availed by the directors;**

The Whole Time Directors have not availed any variable remuneration components.

- vii. **Affirmation that the remuneration is as per the remuneration policy of the company:**

It is affirmed that the remuneration paid is as per the remuneration policy of the company.

**Archit Organosys Limited  
By Order of the Board****Place : Ahmedabad  
Date : September 01, 2020****(Kandarp K. Amin)  
Chairman and Whole Time Director  
DIN: 00038972**

**ANNEXURE – VIII**

**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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm’s length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	N.A
b)	Nature of contracts/arrangements/transaction	N.A
c)	Duration of the contracts/arrangements/transaction	N.A
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	N.A
e)	Justification for entering into such contracts or arrangements or transactions’	N.A
f)	Date of approval by the Board	N.A
g)	Amount paid as advances, if any	N.A
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	N.A

2. Details of material contracts or arrangements or transactions at Arm’s length basis.

Sr. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	As per Annexure
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

**ARCHIT ORGANOSYS LIMITED**

(₹ in Lacs)

Name (s) of the related party	Details					
	Nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
Suchit Amin	Relative of Director	Payment of remuneration	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	29.40	-	NIL
Shimoli Amin	Relative of Director	Payment of remuneration	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	18.00	-	NIL
Manini Amin	Relative of Director	Payment of remuneration	1 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March, 2020	24.00	-	NIL

Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

**For Archit Organosys Limited  
By Order of the Board**

**Place : Ahmedabad  
Date : September 01, 2020**

**(Kandarp K. Amin)  
Chairman and Whole Time Director  
DIN: 00038972**



## INDEPENDENT AUDITOR'S REPORT

To,  
The Members,  
**ARCHIT ORGANOSYS LIMITED,**  
Ahmedabad.

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of **ARCHIT ORGAONSYS LIMITED** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion* the aforesaid financial statements give the information required by the Companies Act, 2013 (The Act) in the manner so required and give a true and fair view in conformity with the 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 loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

- (i) *The company had entered into derivative contract for sale of foreign currency with HDFC Bank Ltd. in financial year 2008-2009 which has resulted into loss to the tune of ' 197.52 lacs against which the sum of ' 55.07 lacs has already been paid to HDFC Bank Ltd. and charged to Statement of Profit and Loss in the aforesaid financial year. Consequent upon adjustment of fixed deposits amounting to ' 23.64 lacs against the balance loss of ' 142.46 lacs, the liability on account of aforesaid loss, as per bank statement provided up to 31<sup>st</sup> January, 2013 stands to ' 147.07 including interest, which has not been provided for by the company. Such non provision of liability has resulted into noncompliance of Ind AS 37 issued by Institute of Chartered Accountants of India and also resulted into understatement of current liabilities. Since the interest/charges, if any, for the period from 1<sup>st</sup> February, 2013 to 31<sup>st</sup> March, 2020 has not been intimated to company, the impact thereof on loss for the year under review could not be ascertained.*

*Had the observations made by us in Para above been considered, there would have been loss for the year amounting to ' 227.19 lacs as against reported loss of ' 80.11 Lacs, current liabilities would have been ' 3704.76 lacs as against reported current liabilities of ' 3,557.69 lacs.*

- (ii) *A Legal case was filed by appropriate authorities alleging a director and an employee of the company causing death of Blackbucks due to drinking of contaminated water. The matter is still sub- judice pending for final adjudication. Meanwhile, the Gujarat Pollution Control Board, vide its order issued in terms of provisions of Section 33A of Water ( Prevention and Control of Pollution) Act, 1974 directed the company to close its production process at Bhavnagar unit with immediate effect. In response, upon application made by the company and representation made before the authority, the Gujrat Pollution Control Board vide its order dated 5<sup>th</sup> November, 2018 conditionally withdrew the said order and therefore the company had resumed it's operations at Bhavnagar unit by placing necessary measures.*

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

#### Emphasis of Matter

We draw attention to Note 48 of Notes to Account annexed with Financial Statement, which describes the effect of COVID 19 pandemic on company's operations. Our opinion is not modified in respect to this matter

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## ARCHIT ORGANOSYS LIMITED

The Key Audit Matter	How our audit addressed the Key Audit Matters
<p>The Company determines the allowance for credit losses on trade receivables based on historical loss experience adjusted to reflect current and estimated future economic conditions of its customers, their industry and geography of operations. In calculating expected credit loss, the Company also considers the insurance covers and other securities, besides other related information for its customers, including credit reports, to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Management has exercised significant judgement in estimating the allowance for credit losses. Refer Note 13 to the Financial Statements.</p>	<p>Our procedures related to allowance for credit losses for trade receivables included the following, among others:</p> <p>Testing the effectiveness of controls over the:</p> <ul style="list-style-type: none"> <li>- classification of customers by the businesses and computing the net exposure as at the reporting date,</li> <li>- development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions,</li> <li>- completeness and accuracy of information used in the estimation of probability of default and</li> <li>- Computation of the allowance for credit losses.</li> </ul> <p>Testing the arithmetical accuracy and computation of the allowances prepared by the Management. Testing the allowance for credit loss through alternate scenarios including profiling of customers based on their attributes with various built-in sensitivities around approach, the assumptions and factoring the possible effect of the pandemic, to independently validate the Management estimates.</p>

### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexure to Board's Report but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Other Matter**

Due to the COVID-19 related lock-down we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per guidance provided in SA 501 "Audit evidence – Specific considerations for Selected items" and have obtained sufficient audit evidence to issue our unmodified opinion on these financial results.

### **Report on Other Legal and Regulatory Requirements**

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

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

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

## ARCHIT ORGANOSYS LIMITED

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- (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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) *Except for the matter described in the basis for Qualified Opinion paragraph*, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 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 B” and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 40 to the financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (h) With respect to the matter to be included in the Auditor’s Report under Section 197(16):

In our opinion and according to the information and explanation given to us, the remuneration is paid in accordance with the provision of Section 197 read with Schedule V of the Act. The remuneration paid to any director is not in excess to the limits as laid down in Section 197 read with Schedule V of the Act.

**For Chirag R. Shah & Associates**  
[Firm Registration No. 118791W]  
Chartered Accountants

**Date : 30<sup>th</sup> July, 2020**  
**Place : Ahmedabad**

**(Chirag R. Shah)**  
Proprietor  
Membership No. 106139  
UDIN:20106139AAAADW3965

### **Annexure - A to the Independent Auditors’ Report of even date on financial statements**

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets *but such records require to be updated as regard to locations and additions/deletions for the year ended 31<sup>st</sup> March, 2020.*
- (b) *We were informed that the fixed assets were not physically verified by the Management at reasonable intervals. Therefore we are unable to comment on material discrepancies if any.*
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) According to information and explanation given to us, the Management of the Company has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed on such physical verification during the year.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained u/s. 189 of the Companies Act, 2013.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) According to information and explanations given to us, the Company has not accepted any deposits as defined in The Companies (Acceptance of Deposits) Rules 2014. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to rules made by the Central Government. We are of the opinion that prima facie the prescribed accounts and records have been maintained and being made. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues and Company had no arrears of such outstanding statutory dues as at 31<sup>st</sup> March, 2020 for a period more than six months from the date they became payable.  
(b) According to the information and explanations given to us, the company has no disputed outstanding statutory dues as at 31<sup>st</sup> March, 2020.
- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowings to financial institutions, banks, government or dues to debenture holders during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. However money raised by way of term loans have been applied for the purposes for which they have been obtained.
- (x) According to the information and explanations given to us, no fraud by company or any fraud on the company by its officers and employees have been noticed or reported during the year.
- (xi) According to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with 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) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (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 any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Chirag R. Shah & Associates**  
[Firm Registration No. 118791W]  
Chartered Accountants

**(Chirag R. Shah)**

Proprietor

Membership No. 106139

UDIN:20106139AAAADW3965

**Date : 30<sup>th</sup> July, 2020**

**Place : Ahmedabad**

### **Annexure B” to the Auditors’ Report**

(Referred to in our Report of even date to the members of **Archit Organosys Limited**)

### **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 **Archit Organosys Limited** (“the Company”) as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 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, 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<sup>st</sup> 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 Chirag R. Shah & Associates**  
[Firm Registration No. 118791W]  
Chartered Accountants

**Date : 30<sup>th</sup> July, 2020**  
**Place : Ahmedabad**

**(Chirag R. Shah)**  
Proprietor  
Membership No. 106139  
UDIN:20106139AAAADW3965

**ARCHIT ORGANOSYS LIMITED**
**BALANCE SHEET AS AT MARCH 31, 2020**

[₹ in Lacs]

Particulars	Notes	31 March 2020	31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4 910.23	4 696.66
Right of Use Assets	6	129.88	0.00
Intangible assets	7	2.34	4.90
Capital work-in-progress	8	107.51	484.63
Financial assets			
- Other financial assets	9	75.68	78.37
Deferred Tax Assets	10	63.73	68.55
Other non-current assets	11	0.51	0.00
		<b>5 289.88</b>	<b>5 333.11</b>
<b>Current assets</b>			
Inventories	12	328.14	584.47
Financial assets			
- Trade receivables	13	1 972.25	1 435.05
- Cash and cash equivalents	14	294.59	489.91
- Loans	15	2.35	397.33
- Other financial assets	16	234.99	84.29
Other current assets	17	160.65	60.38
Current tax assets(Net)	18	33.75	26.92
		<b>3 026.72</b>	<b>3 078.35</b>
<b>Total assets</b>		<b>8 316.60</b>	<b>8 411.46</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	19	1 502.07	1 502.07
Other equity	20	1 908.69	1 990.15
		<b>3 410.76</b>	<b>3 492.22</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	21	1 239.75	1 778.24
Other Financial Liabilities	22	84.57	0.00
Provisions	23	23.83	19.74
		<b>1 348.15</b>	<b>1 797.98</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	24	1 430.33	1 366.29
- Trade Payables	25		
total outstanding dues of micro enterprises and small enterprises		22.75	21.44
total outstanding dues of creditors other than micro enterprises and small enterprises		1 268.70	1 041.90
- Other financial liabilities	26	751.67	623.44
Other current liabilities	27	52.63	38.57
Provisions	28	31.61	24.53
Current-tax liabilities	29	0.00	5.09
		<b>3 557.69</b>	<b>3 121.26</b>
<b>Total liabilities</b>		<b>4 905.84</b>	<b>4 919.24</b>
<b>Total equity and liabilities</b>		<b>8 316.60</b>	<b>8 411.46</b>

The accompanying notes form an integral part of these financials statements

As per our attached report of even date

**FOR Chirag R. Shah & Associates**

[Firm Registration No. 118791W]

*Chartered Accountants*
**Chirag R Shah**
*Proprietor*

Mem. No. 106139

UDIN:20106139AAAADW3965

Place : Ahmedabad

Date : 30th July, 2020

 For and on behalf of Board of Directors of  
**ARCHIT ORGANOSYS LIMITED**
**Kandarp K Amin**  
 Whole Time Director  
 DIN: 00038972

**Archana K Amin**  
 Whole Time Director  
 DIN: 00038985

**Gajendra Rajput**  
 Chief Financial Officer

**Anchal Bansal**  
 Company Secretary

Place : Ahmedabad

Date : 30th July, 2020



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

[₹ in Lacs]

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Income</b>			
Revenue from operations	30	7 669.03	8 399.61
Other income	31	228.78	314.38
<b>Total income</b>		<b>7 897.81</b>	<b>8 713.99</b>
<b>Expenses</b>			
Cost of materials consumed	32	2 777.81	3 317.77
Purchases of traded goods	33	2 407.78	3 794.59
Changes in inventories of finished goods and work-in-progress	34	184.88	( 36.96)
Employee benefits expense	35	616.61	536.20
Finance costs	36	315.30	359.46
Depreciation and amortization expense	37	347.44	278.61
Other expenses	38	1 327.11	1 089.96
<b>Total expenses</b>		<b>7 976.93</b>	<b>9 339.63</b>
<b>Profit/(loss) before tax</b>		<b>( 79.12)</b>	<b>( 625.64)</b>
<b>Tax expense:</b>			
Current tax		0.00	0.00
Tax of earlier periods		( 4.31)	0.00
Deferred tax		0.49	( 154.04)
MAT credit reversal		4.81	0.00
<b>Income tax expense</b>		<b>0.99</b>	<b>( 154.04)</b>
<b>Profit /(Loss) for the year</b>		<b>( 80.11)</b>	<b>( 471.60)</b>
<b>Other comprehensive income</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains/ (losses) on defined benefit plans		( 1.84)	5.76
tax relating to remeasurement of the defined benefit plans		0.49	( 1.54)
<b>Other comprehensive income/ (expense) for the year</b>		<b>( 1.35)</b>	<b>4.22</b>
<b>Total comprehensive income for the year</b>		<b>( 81.46)</b>	<b>( 467.38)</b>
<b>Earnings per equity share</b>			
Basic and diluted earnings per equity shares	39	( 0.53)	( 3.14)
The accompanying notes form an integral part of these financials statements			

As per our attached report of even date

**FOR Chirag R. Shah & Associates**

[Firm Registration No. 118791W]

Chartered Accountants

**Chirag R Shah**

Proprietor

Mem. No. 106139

UDIN:20106139AAAADW3965

Place : Ahmedabad

Date : 30th July, 2020

For and on behalf of Board of Directors of  
**ARCHIT ORGANOSYS LIMITED****Kandarp K Amin**  
Whole Time Director  
DIN: 00038972**Archana K Amin**  
Whole Time Director  
DIN: 00038985**Gajendra Rajput**  
Chief Financial Officer**Anchal Bansal**  
Company Secretary

Place : Ahmedabad

Date : 30th July, 2020

**ARCHIT ORGANOSYS LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020****A. Equity share capital**

[₹ in Lacs]

<b>As at April 1, 2018</b>	<b>1 504.20</b>
Forfeiture of Equity Share capital (Refer Note 18)	( 2.13)
<b>As at March 31, 2019</b>	<b>1 502.07</b>
Issue of Share Capital	0.00
<b>As at March 31, 2020</b>	<b>1 502.07</b>

**B. Other equity**

[₹ in Lacs]

Particulars	Reserves and Surplus					Total comprehensive income, (Remeasurement of employee benefits)	equity Reserves
	Retained earnings	Security premium	Capital Redemption Reserve	General Reserve			
<b>Balance as at April 1, 2018</b>	605.84	1 857.86	1.44	1.50	(11.24)	<b>2 455.40</b>	
<b>Add:</b> Addition due to forfeiture of Equity (Right issue)	0.00	0.00	5.32	0.00	0.00	<b>5.32</b>	
Profit / (Loss) for the year	(471.60)	0.00	0.00	0.00	0.00	<b>(471.60)</b>	
<b>Less :</b> Deduction due to forfeiture of Equity (Right issue)	0.00	(3.19)	0.00	0.00	0.00	<b>(3.19)</b>	
Other comprehensive income for the year	0.00	0.00	0.00	0.00	4.22	<b>4.22</b>	
<b>Balance as at March 31, 2019</b>	<b>134.24</b>	<b>1 854.67</b>	<b>6.76</b>	<b>1.50</b>	<b>(7.02)</b>	<b>1 990.15</b>	
<b>Add:</b> Profit / (Loss) for the year	( 80.11)	0.00	0.00	0.00	0.00	<b>( 80.11)</b>	
<b>Less :</b> Other comprehensive income for the year	0.00	0.00	0.00	0.00	( 1.35)	<b>( 1.35)</b>	
<b>Balance as at March 31, 2020</b>	<b>54.14</b>	<b>1 854.66</b>	<b>6.77</b>	<b>1.50</b>	<b>( 8.38)</b>	<b>1 908.69</b>	

The accompanying notes form an integral part of these financials statements

As per our attached report of even date  
**FOR Chirag R. Shah & Associates**  
 [Firm Registration No. 118791W]  
*Chartered Accountants*  
**Chirag R Shah**  
*Proprietor*  
 Mem. No. 106139  
 UDIN:20106139AAAADW3965  
 Place : Ahmedabad  
 Date : 30th July, 2020

For and on behalf of Board of Directors of  
**ARCHIT ORGANOSYS LIMITED**

<b>Kandarp K Amin</b> Whole Time Director DIN: 00038972	<b>Archana K Amin</b> Whole Time Director DIN: 00038985
<b>Gajendra Rajput</b> Chief Financial Officer	<b>Anchal Bansal</b> Company Secretary

Place : Ahmedabad  
 Date : 30th July, 2020

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

[₹ in Lacs]

Particulars	2019-2020	2018-2019
<b>A. Cash flow from operating activities:</b>		
Profit/(Loss) for the year before taxation	( 79.12)	( 625.64)
<b>Adjustments for</b>		
Depreciation on PPE	295.59	278.61
Depreciation on Right of Use Assets	51.85	0.00
Finance Cost (Borrowings and others)	302.45	359.46
Finance Cost (Right of Use Assets)	12.85	0.00
Interest Income	( 36.82)	( 45.73)
Profit on sale of Fixed Assets	( 0.16)	( 13.28)
Profit on sale of investment	( 0.95)	0.00
Remeasurement gain/(loss)   defined benefit plans	( 1.84)	5.76
Net Foreign Exchange Differences	( 3.53)	2.44
Sundry Balance Written Back	( 8.06)	( 5.89)
Sundry Balance Written Off	1.03	2.98
Operating profit before working capital changes	533.29	( 41.30)
Adjustments for Changes in working capital		
Decrease / (Increase) in Inventories	256.33	126.50
Decrease / (Increase) in Other Non current financial assets	2.69	( 0.20)
Decrease / (Increase) in Other Non current assets	( 0.51)	47.75
Decrease / (Increase) in Other current financial asset	( 151.54)	( 4.62)
Decrease / (Increase) in Other current assets	( 100.27)	344.37
Decrease / (Increase) in Other Bank Balances	0.00	2.90
Decrease / (Increase) in Loans	394.98	( 394.69)
Decrease / (Increase) in Trade Receivables	( 538.23)	1 698.21
Increase / (Decrease) in Trade Payables	236.17	( 1 093.65)
Increase / (Decrease) in Other current financial liabilities	128.23	( 402.74)
Increase / (Decrease) in Other current liabilities	14.06	10.14
Increase / (Decrease) in Provision	11.17	1.15
Cash generated from operations	786.37	293.82
Direct taxes Refund/(paid)	( 7.60)	( 19.30)
Net cash from operating activities [A]	778.77	274.52
<b>B. Cash flow from investing activities</b>		
Purchase of Property, Plant and Equipment	( 526.21)	( 389.01)
Purchase of CWIP	377.12	281.98
Proceeds from sale of investment	0.95	0.00
Sale of Fixed Assets	19.77	159.61
Interest received	41.19	52.94
Net Cash from / (used in) investing activities [B]	( 87.18)	105.52

**ARCHIT ORGANOSYS LIMITED**

	[₹ in Lacs]	
<b>Particulars</b>	<b>2019-2020</b>	<b>2018-2019</b>
<b>C. Cash flow from financing activities</b>		
Procurement/(Repayment) of long/ short term borrowings	( 525.03)	395.09
Lease Obligation Payment	( 59.43)	0.00
Interest Paid	( 302.45)	( 359.46)
Net cash flow from financial activities [C]	( 886.91)	35.63
Net Increase/(Decrease) in cash and cash equivalents [A+B+C]	( 195.32)	415.68
<b>Cash and cash equivalents opening</b>	<b>489.91</b>	<b>74.23</b>
<b>Cash and cash equivalents closing</b>	<b>294.59</b>	<b>489.91</b>
<b>Components of cash and cash equivalent</b>		
Balances with scheduled banks	103.82	447.52
Cheques on Hand	146.66	25.89
Cash in hand	1.77	2.98
Fixed Deposits	42.34	13.52
	<b>294.59</b>	<b>489.91</b>

**Explanatory Notes to Cash Flow Statement**

- 1 The Cash Flow Statement is prepared by using indirect method in accordance with the format prescribed by Indian Accounting Standard 7.
- 2 In Part A of the Cash Flow Statements, figures in brackets indicates deductions made from the net profit for deriving the cash flow from operating activities. In part B & part C, figures in brackets indicates cash outflows.
- 3 Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

As per our attached report of even date

**FOR Chirag R. Shah & Associates**

[Firm Registration No. 118791W]

*Chartered Accountants*

**Chirag R Shah**

*Proprietor*

Mem. No. 106139

UDIN:20106139AAAADW3965

Place : Ahmedabad

Date : 30th July, 2020

For and on behalf of Board of Directors of  
**ARCHIT ORGANOSYS LIMITED**

**Kandarp K Amin**  
Whole Time Director  
DIN: 00038972

**Archana K Amin**  
Whole Time Director  
DIN: 00038985

**Gajendra Rajput**  
Chief Financial Officer

**Anchal Bansal**  
Company Secretary

Place : Ahmedabad

Date : 30th July, 2020

**NOTES TO STANDALONE FINANCIALS STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020****Note 1 Company Overview**

Archit Organosys Limited is a Public Company, domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The company's shares are listed on Bombay Stock Exchange the Company is mainly engaged in the business of Manufacturing and Trading of Chemicals. The registered office of the Company is located at Plot No 25/9-A Phase-III, GIDC Naroda, Ahmedabad 382330.

The financial statements for the year ended March 31, 2020 were considered by the Board of Directors and approved for issuance on July 30, 2020.

**Note 2: Basis of Preparation**

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable. Accounting Policies have been consistently applied except where newly issued accounting standard is initially adopted or revision to the existing standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

The financial statements are prepared in INR and all the values are rounded to the nearest lakhs, except when otherwise indicated.

**2.1 Statement of Compliance**

The financial statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement, together with notes for the year ended March 31, 2020 have been prepared in accordance with Ind AS as notified under section 133 of the Companies' Act, 2013 ("the Act") and approved by Board of directors on July 30, 2020.

**2.2 Basis of Measurement**

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for certain Assets and Liabilities as stated below:

- (a) Financial instruments (assets / liabilities) classified as Fair Value through profit or loss or Fair Value through Other Comprehensive Income are measured at Fair Value.
- (b) The defined benefit asset/liability is recognized as the present value of defined benefit obligation less fair value of plan assets.

The above items have been measured at Fair Value and the methods used to measure Fair Values are discussed further in Note 4.16.

**2.3 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 Company operates ("the functional currency"). Indian Rupee is the functional currency of the Company.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs as per the requirement of Schedule III, except when otherwise indicated.

**2.4 Standard issued but not yet effective**

- (a) Ind AS 12 - Income Taxes - Appendix C, Uncertainty over Income Tax Treatments:-

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of

initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The standard became effective from April 1, 2019. The Company has adopted the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 if any without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C is insignificant in the standalone financial statements.

(b) Amendment to Ind AS 12 – Income taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The adoption of the standard did not have any material impact to the financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

(c) Amendment to Ind AS 19 – Employee benefit - plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The adoption of the standard did not have any material impact to the financial statements.

### 2.5 Change in accounting policies and disclosures

The Company has applied the following standards and amendments for the first time for annual reporting period commencing from April 01, 2019:-

#### Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor

The Company adopted Ind AS 116 with simple prospective approach and has recognized Right of Use asset and Lease Liability at the commencement of the financial year. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value (low-value assets).

#### Nature and the effect of adoption of Ind AS 116

The Company has lease contracts for Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal

the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 was applied to these leases from April 01, 2019 and accordingly carrying amount of lease assets has been reclassified as RoU assets.

The Company also applied the available practical expedients wherein it:

- Applied single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the Date of initial application
- Applied the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application

(i) Amounts recognised in the Balance sheet and statement of profit and loss:

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

	[₹ in Lacs]
<b>Particulars</b>	<b>Right of Use Asset</b>
As at April 01, 2019	—
Addition on account of adoption of Ind AS 116	181.73
Depreciation on Right of Use Asset	51.85
As at March 31, 2020	129.88

	[₹ in Lacs]
<b>Particulars</b>	<b>Lease Liabilities</b>
As at April 01, 2019	—
Addition on account of adoption of Ind AS 116	181.73
Interest Expenses	12.85
Payments	(59.43)
As at March 31, 2020	135.15

Set out below, are the amounts recognised in Statement of profit and loss:

	[₹ in Lacs]
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>
Depreciation expense of right-of-use assets	51.85
Interest expense on lease liabilities	12.85
Rent expense - short-term leases and leases of low value assets	—
Total amounts recognised in (profit) or loss	64.70

**Note 3: Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expense during the period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods which are affected.

### **Critical Accounting Estimates and Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

#### **(i) Contingences and Commitments**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, such liabilities are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, the management do not expect them to have a materially adverse impact on our financial position or profitability.

#### **(ii) Taxes**

Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment 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.

#### **(iii) Employee Benefits**

Discount rate used to determine the carrying amount of the Company's defined benefit obligation.

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

#### **(iv) 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 judgment is required in establishing fair values. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Individual trade receivables are written off when management deems it not to be collectible.

#### **(v) Allowance for uncollectible trade receivables**

Provision matrix takes into accounts historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the day of the receivables are due and the rates as given in the provision matrix.

#### **(vi) Impairment of Property, Plant & Equipment**

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss which is material in nature is accounted for.

#### **(vii) Litigations**

The provision is recognized based on the best estimate of the amount desirable to settle the present obligation arising at the reporting period and of the income is recognized in the cases involving high degree of certainty as to realization.



**(viii) Useful Life of Property, Plant and Equipment**

As described in Note 4.3, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

**Note 4: Significant Accounting Policies****4.1 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

**(a) Financial Assets**

Financial Assets comprises of investments in equity instruments, trade receivables, cash and cash equivalents and other financial assets.

**Initial Recognition:**

All financial assets are recognized 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 financial assets. Purchases or sales of financial assets that requires delivery of assets within a period of time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the company committed to purchase or sell the asset.

**Subsequent Measurement:****(i) Financial assets measured at amortized Cost:**

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

**(ii) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI):**

Financial Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair Value movements in financial assets at FVTOCI are recognized in Other Comprehensive Income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair Value changes on equity instruments at FVTOCI, excluding dividends are recognized in Other Comprehensive Income (OCI).

**(iii) Fair Value through Profit or Loss (FVTPL):**

Financial Assets are measured at FVTPL if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Statement of Profit and Loss.

**De-recognition of Financial Assets:**

Financial Assets are derecognized when the contractual rights to cash flows from the financial assets expire or the financial asset is transferred and the transfer qualifies for de-recognition. On de-recognition of the financial assets in its entirety, the difference between the carrying amount (measured at the date of de-recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the Statement of Profit and Loss.

**(b) Financial Liabilities****Initial Recognition and Measurement**

Financial Liabilities are initially recognized at fair value plus any transaction costs, (if any) which are attributable to acquisition of the financial liabilities.

### **Subsequent Measurement:**

Financial Liabilities are classified for subsequent measurement into following categories:

#### **(i) Financial liabilities at Amortized Cost:**

The Company is classifying the following under amortized cost:

- Borrowing from Banks
- Borrowing from Others
- Trade Payables
- Other Financial Liabilities

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus cumulative amortization using the effective interest method of any differences between the initial amount and maturity amount.

#### **(ii) Financial liabilities at Fair Value through Profit or Loss:**

Financial liabilities held for trading are measured at Fair Value through Profit or Loss

#### **De-recognition of Financial Liabilities:**

Financial liabilities shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

#### **(c) Offsetting of Financial assets and Financial Liabilities**

Financial assets and Financial Liabilities are offset and the net amount is presented in Balance Sheet when, and only when, the Company has legal right to offset the recognized amounts and intends either to settle on the net basis or to realize the assets and liabilities simultaneously.

#### **(d) Reclassification of Financial Assets and Financial Liabilities**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorized as equity instruments at FVTOCI, and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines the change in a business model as a result of external or internal changes which are significant to the Company's Operations. A Change in business occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively effective from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **4.2 Share Capital**

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from equity, net of any tax effects.

### **4.3 Property, Plant and Equipment**

Property, plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Properties in the course of construction for supply of services or administrative purpose are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable cost and for qualifying assets, borrowing cost capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of Property Plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives as prescribed under Part C of Schedule II to the Companies Act 2013, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Leasehold land with lease term of 99 years or more and it is amortized over the period of lease i.e. 99 years.

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

#### **4.4 Intangible assets**

##### **Intangible Assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

##### **Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in statement of profit and loss when the asset is de-recognised.

##### **Useful lives of intangible assets**

Estimated useful lives of the intangible assets are as follows:

<b>Type of Asset</b>	<b>Useful Life</b>
Computer software	3 years

#### **4.5 Inventories**

- (i) Raw Materials, Stock-in-process, Finished Goods are valued at lower of cost or net realizable value. Cost of stock-in-process and finished goods include materials, labour, manufacturing overhead and other cost incurred in bringing the inventories to their present location.
- (ii) Stock of stores, spares, consumable and packing materials are valued at cost.

#### **4.6 Impairment**

##### **(a) Financial assets (other than at fair value)**

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

##### **(b) Non-financial assets**

###### **Tangible and Intangible assets**

Property, Plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is an indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an

individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

### **Reversal of impairment loss**

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized directly in other comprehensive income and presented within equity.

## **4.7 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rates that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

## **4.8 Revenue Recognition**

Revenue from contracts with customers is recognised when control of the goods or 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 or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The specific recognition criteria described below must also be met before revenue is recognized.

### **Sale of Goods**

- (i) Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 0 to 180 days upon delivery, usually backed by financial arrangements.
- (ii) The Company accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax/GST in the year of admission of such claims by the concerned authorities. Export benefits are classified as other operating income and recognized on accrual basis in the year of export based on eligibility and when there is no uncertainty on receiving the same.

### **Interest Income**

Interest income is recognised using the effective interest method as set out in Ind AS 109 – Financial Instruments: Recognition and Measurement, when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

#### 4.9 Leases

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

##### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

##### The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) Right-of-use assets

The Company recognises right-of-use assets ("ROU Assets") at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in 4.6 Impairment of non-financial assets.

##### (ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease liabilities has been presented under the head "Other Financial Liabilities".

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase

option). It also applies the lease of low-value assets recognition exemption that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### 4.10 Foreign Currency Translation

The functional currency of the Company is the Indian Rupee (₹).

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise except for:

- (i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- (ii) exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements of the Company for the period immediately before the beginning of the first Ind AS financial reporting period (prior to 1<sup>st</sup> April, 2016), as per the previous GAAP, pursuant to the Company's choice of availing the exemption as permitted by Ind AS 101.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

### 4.11 Borrowing Costs

Borrowing costs include

- (i) interest expense calculated using the effective interest rate method,
- (ii) finance charges in respect of finance leases, and
- (iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### 4.12 Employee benefits

#### (a) Short-term obligations

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

#### (b) Post-employment obligations

The Company operates the following post-employment schemes: a) defined contribution plans - provident fund b) defined benefit plans - gratuity plans

- (i) Defined contribution plans

The Company has defined contribution plan for the post-employment benefits namely Provident Fund and Employees Death Linked Insurance, the contributions towards such funds and schemes are recognised as employee benefits expense and charged to the Statement of Profit and Loss when they are due. The Company does not carry any further obligations with respect to this, apart from contributions made on a monthly basis.

(ii) Defined benefit plans

The Company has defined benefit plan, namely gratuity for eligible employees in accordance with the Payment of Gratuity Act, 1972 the liability for which is determined on the basis of an actuarial valuation (using the Projected Unit Credit method) at the end of each year.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the tenor of the related obligation. The liability or asset recognized in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of profit and loss in the line item 'Employee benefits expense'.

Remeasurements of the net defined liability, comprising of actuarial gains and losses, return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and any change in the effect of 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 (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the profit or loss as past service cost.

#### **4.13 Income Taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax

(i) Current tax

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

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 4.14 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### 4.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### 4.16 Fair Value Measurement

A number of Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes 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 market or the most advantageous market must be accessible to the Company.

The fair value of an asset or 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 categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

- (a) Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.
- (b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (c) Level 3 - unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each 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 fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.



(a) Investment in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(b) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However in respect of such financial instruments, fair value generally approximates the carrying amount due to short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(c) Non derivative financial liabilities

Fair Value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

#### 4.17 Current / non- current classification

An asset is classified as current if:

- (a) it is expected to be realized or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realized within twelve months after the reporting period; or
- (d) it is cash or cash equivalent unless it is 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 if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has 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 acquisition of assets for processing / trading / assembling and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### 4.18 Cash and cash equivalent

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

# ARCHIT ORGANOSYS LIMITED

## Notes to standalone financial statements for the year ended 31 March 2020

### Note 5 - Property, plant and equipment

#### Note 5.1 : As at March 31, 2020

[₹ in Lacs]

Particulars	Gross carrying amount				Accumulated Depreciation			Net carrying amount	
	As at 01/04/2019	Additions	Deduction Adjustments	As at 31/03/2020	Upto 31/03/2019	For the year	Deduction Adjustments	Upto 31/03/2020	31/03/2020
<b>Owned Assets</b>									
Freehold land	82.97	0.00	0.00	<b>82.97</b>	0.00	0.00	0.00	<b>0.00</b>	<b>82.97</b>
Buildings	1 582.77	0.00	0.00	<b>1 582.77</b>	168.23	54.37	0.00	<b>222.60</b>	<b>1 360.17</b>
Plant & Machinery	3 444.96	524.22	20.29	<b>3 948.89</b>	456.56	203.27	3.22	<b>656.61</b>	<b>3 292.28</b>
Office Equipments	29.87	1.61	6.32	<b>25.16</b>	15.67	4.79	5.86	<b>14.60</b>	<b>10.56</b>
Computer	12.12	0.31	3.83	<b>8.60</b>	7.38	3.47	3.64	<b>7.21</b>	<b>1.39</b>
Furnitures and Fixtures	65.94	0.07	0.00	<b>66.01</b>	11.50	6.13	0.00	<b>17.63</b>	<b>48.38</b>
Vehicles	136.66	0.00	37.86	<b>98.80</b>	80.97	11.45	35.97	<b>56.45</b>	<b>42.35</b>
Leasehold Improvements	47.31	0.00	0.00	<b>47.31</b>	12.19	9.01	0.00	<b>21.20</b>	<b>26.11</b>
<b>Leasehold Assets</b>									
Land	55.74	0.00	0.00	<b>55.74</b>	9.18	0.54	0.00	<b>9.72</b>	<b>46.02</b>
	5 458.34	526.21	68.30	<b>5 916.25</b>	761.68	293.03	48.69	<b>1 006.02</b>	<b>4 910.23</b>

#### Note 5.2 : As at March 31, 2019

[₹ in Lacs]

Particulars	Gross carrying amount				Accumulated Depreciation			Net carrying amount	
	As at 01/04/2018	Additions	Deduction Adjustments	As at 31/03/2019	Upto 31/03/2018	For the year	Deduction Adjustments	Upto 31/03/2019	31/03/2019
<b>Owned Assets</b>									
Freehold land	143.87	0.00	60.90	<b>82.97</b>	0.00	0.00	0.00	<b>0.00</b>	<b>82.97</b>
Buildings	1 529.33	53.44	0.00	<b>1 582.77</b>	115.76	52.47	0.00	<b>168.23</b>	<b>1 414.54</b>
Plant & Machinery	3 194.70	331.95	81.69	<b>3 444.96</b>	279.13	185.19	7.76	<b>456.56</b>	<b>2 988.40</b>
Office Equipments	28.34	1.53	0.00	<b>29.87</b>	10.05	5.62	0.00	<b>15.67</b>	<b>14.20</b>
Computer	12.01	0.11	0.00	<b>12.12</b>	5.78	1.60	0.00	<b>7.38</b>	<b>4.74</b>
Furnitures and Fixtures	70.39	1.95	6.40	<b>65.94</b>	5.52	6.41	0.43	<b>11.50</b>	<b>54.44</b>
Vehicles	145.91	0.00	9.25	<b>136.66</b>	69.45	15.24	3.72	<b>80.97</b>	<b>55.69</b>
Leasehold Improvements	47.31	0.00	0.00	<b>47.31</b>	3.20	8.99	0.00	<b>12.19</b>	<b>35.12</b>
<b>Leasehold Assets</b>									
Land	55.74	0.00	0.00	<b>55.74</b>	8.64	0.54	0.00	<b>9.18</b>	<b>46.56</b>
	5 227.60	388.98	158.24	<b>5 458.34</b>	497.53	276.06	11.91	<b>761.68</b>	<b>4 696.66</b>

#### Note 6 : Right of Use Asset

#### Note 6.1 : As at March 31, 2020

[₹ in Lacs]

Particulars	Gross Block				Accumulated Depreciation			Net carrying amount	
	As at 01/04/2019	Additions	Deduction Adjustments	As at 31/03/2020	Upto 31/03/2019	For the year	Deduction Adjustments	Upto 31/03/2020	31/03/2020
<b>ROU Asset</b>									
Building	0.00	152.91	0.00	<b>152.91</b>	0.00	47.05	0.00	47.05	<b>105.86</b>
Godown	0.00	28.82	0.00	<b>28.82</b>	0.00	4.80	0.00	4.80	<b>24.02</b>
	0.00	181.73	0.00	<b>181.73</b>	0.00	51.85	0.00	51.85	<b>129.88</b>

#### Note 7 : Intangible assets

#### Note 7.1 : As at March 31, 2020

[₹ in Lacs]

Particulars	Gross Block				Accumulated Depreciation			Net carrying amount	
	As at 01/04/2019	Additions	Deduction Adjustments	As at 31/03/2020	Upto 31/03/2019	For the year	Deduction Adjustments	Upto 31/03/2020	31/03/2020
<b>Owned Assets</b>									
Software	8.07	0.00	0.00	<b>8.07</b>	3.17	2.56	0.00	<b>5.73</b>	<b>2.34</b>
	8.07	0.00	0.00	<b>8.07</b>	3.17	2.56	0.00	<b>5.73</b>	<b>2.34</b>

#### Note 7.2 : As at March 31, 2019

[₹ in Lacs]

Particulars	Gross Block				Accumulated Depreciation			Net carrying amount	
	As at 01/04/2018	Additions	Deduction Adjustments	As at 31/03/2019	Upto 31/03/2018	For the year	Deduction Adjustments	Upto 31/03/2019	31/03/2019
<b>Owned Assets</b>									
Software	8.07	0.00	0.00	<b>8.07</b>	0.62	2.55	0.00	<b>3.17</b>	<b>4.90</b>
	8.07	0.00	0.00	<b>8.07</b>	0.62	2.55	0.00	<b>3.17</b>	<b>4.90</b>

**Note 8 : Capital Work in Progress**

**Note 8.1 : As at March 31, 2020**

[₹ in Lacs]

Particulars	As at April 01, 2019	Additions during the year	Deduction/ Adjustment during the year	Capitalised	As at March 31, 2020
Plant And Machinery	484.63	90.92	0.00	468.04	<b>107.51</b>
<b>Total :</b>	484.63	90.92	0.00	468.04	<b>107.51</b>

**Note 8.2 : As at March 31, 2019**

[₹ in Lacs]

Particulars	As at April 01, 2018	Additions during the year	Deduction/ Adjustment during the year	Capitalised	As at March 31, 2019
Plant And Machinery	716.10	110.43	18.23	323.67	484.63
Factory Building	50.51	2.93	0.00	53.44	0.00
<b>Total :</b>	766.61	113.36	18.23	377.11	484.63

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 9 : Other Financial Assets (Non-Current)</b>		
Security deposits	<b>75.68</b>	78.37
<b>Total:</b>	<b>75.68</b>	<b>78.37</b>
The amount dues by :		
Directors	<b>36.50</b>	36.50
Officers either severally or jointly with other persons	<b>NIL</b>	NIL
Firms or private companies in which any director is partner or director or a member.	<b>NIL</b>	NIL

**Note 10 : Deferred Tax Assets (net)**

The Company estimates deferred tax/(charge) using the applicable rate of taxation based on the impact of timing difference between financial statements and estimated taxable income for the current year.

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Deferred tax assets</b>		
Disallowance u/s. 43(b) under income tax act, 1961	<b>14.86</b>	11.87
Unamortised Proceesing Fees	<b>0.69</b>	<b>0.69</b>
Unabsorbed depreciation (Restricted to DTL)	<b>437.78</b>	<b>378.85</b>
Lease Liability	<b>1.41</b>	0.00
MAT Credit Entitlement	<b>63.74</b>	68.55
	<b>518.48</b>	<b>459.96</b>
<b>Deferred Tax Liabilities</b>		
Depreciable assets	<b>454.75</b>	391.41
<b>Net Deferred Tax Liability / (Asset)</b>	<b>63.73</b>	68.55

## ARCHIT ORGANOSYS LIMITED

### Movement of Deferred Tax Liabilities / (Assets) during the year

Particulars	Opening Balance as at April 1, 2019	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2020
<b>Deferred Tax liabilities / (assets) in relation to</b>				
Property, Plant and Equipments	( 391.41)	( 63.34)	0.00	( 454.75)
Unabsorb Depreciation	378.85	58.93	0.00	437.78
Unamortised Cost adjusted on borrowings	0.69	0.00	0.00	0.69
Provision for Employee benefit expense	11.87	2.50	0.49	14.86
Lease Liability	0.00	1.41	0.00	1.41
MAT Credit Entitlement	68.55	( 4.81)	0.00	63.74
	68.55	( 5.31)	0.49	63.73
Particulars	Opening Balance as at April 1, 2018	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance as at March 31, 2019
<b>Deferred Tax liabilities / (assets) in relation to</b>				
Property, Plant and Equipments	358.01	( 33.40)	0.00	( 391.41)
Unabsorb Depreciation	185.14	193.71	0.00	378.85
Unamortised Cost adjusted on borrowings	8.50	( 7.81)	0.00	0.69
Provision for Employee benefit expense	11.88	1.54	( 1.55)	11.87
MAT Credit Entitlement	68.55	0.00	0.00	68.55
	( 83.94)	154.04	( 1.55)	68.55

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 11 : Other assets (Non-Current)</b>		
Capital advances	0.51	0.00
<b>Total:</b>	<b>0.51</b>	<b>0.00</b>

### Note 12 : Inventories

Raw Materials	82.85	141.85
Stock in Progress	82.29	75.30
Finished Goods	97.56	248.14
Stock-in-Trade	40.61	52.05
Packing Materials	6.57	16.32
Consumable Stores	1.90	4.60
Goods In transit	16.36	46.21
<b>Total :</b>	<b>328.14</b>	<b>584.47</b>

Inventory items have been valued considering the significant accounting policy disclosed in note 4(4.5) to this financial statement.

## NOTES TO STANDALONE FINANCIALS STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 13 : Trade Receivable</b>		
Unsecured, considered good		
Low Credit Risk	1 973.19	1 435.05
Significant increase in Credit Risk	0.00	0.00
Credit Impaired	93.03	0.00
Less: Loss Allowance	( 93.03)	0.00
	<u>1 973.19</u>	<u>1 435.05</u>
Less: Allowance for Expected Credit Losses (Refer note 44)	( 0.94)	0.00
<b>Total:</b>	<u>1 972.25</u>	<u>1 435.05</u>
Included in the financial statement as follows:		
Non-current	0.00	0.00
Current	<u>1 972.25</u>	<u>1 435.05</u>
<b>Total:</b>	<u>1 972.25</u>	<u>1 435.05</u>

The company does not have any outstanding dues from directors, officers of the company either severally or jointly with other persons or firms or private companies in which any directors is partner or director or a member

**Note 14 : Cash and cash equivalents**

Balance with Schedule Bank		
In current account / Cash Credit Account	103.82	447.52
Cheques on hand	146.66	25.89
Fixed Deposits (maturity of less than three months)	42.34	13.52
Cash in hand	1.77	2.98
<b>Total:</b>	<u>294.59</u>	<u>489.91</u>

**Note 15 : Loans (Current)**

Loans Receivable considered good - Unsecured		
Low Risk	2.35	397.33
Significant increase in Credit Risk	0.00	0.00
Credit Impaired	0.00	0.00
<b>Total:</b>	<u>2.35</u>	<u>397.33</u>

The company does not have any outstanding dues from directors, officers of the company either severally or jointly with other persons or firms or private companies in which any directors is partner or director or a member

**Note 16 : Other Financial Assets (current)**

Security deposits	0.20	0.20
Subsidy Receivables	169.87	0.00
Interest accrued	2.06	6.43
Derivative not recognized as hedge	0.00	3.58
Other Recoverable	62.86	74.08
<b>Total:</b>	<u>234.99</u>	<u>84.29</u>

**Note 17 : Other Current Assets**

Advances to suppliers	45.18	2.86
Prepaid expenses	6.93	4.46
Balances with Revenue authorities	108.54	53.06
<b>Total:</b>	<u>160.65</u>	<u>60.38</u>

The company does not have any outstanding dues from directors, officers of the company either severally or jointly with other persons or firms or private companies in which any directors is partner or director or a member

## ARCHIT ORGANOSYS LIMITED

[₹ in Lacs]

Particulars	As at 31	As at 31
	March 2020	March 2019
<b>Note 18 : Current tax assets (Net)</b>		
Advance tax & TDS	42.30	95.47
Less: Provision for taxation	8.55	68.55
<b>Total:</b>	<b>33.75</b>	<b>26.92</b>
<b>Note 19 : Equity share capital</b>		
<b>Authorised share capital</b>		
<b>Equity Share Capital</b>		
2,50,00,000 (March 31, 2019 : 2,50,00,000) Equity Shares of ₹ 10/- each	2 500.00	2 500.00
<b>Issued share capital</b>		
1,50,63,300 (March 31, 2019: 1,50,63,300) Equity Shares of ₹ 10/ each	1 506.33	1 506.33
<b>Subscribed and fully paid up Equity Share Capital</b>		
1,50,20,723 (March 31, 2019: 1,50,63,300) equity Shares of ₹ 10/- each fully paid up	1 502.07	1 504.20
Less: Deduction on account of forfeiture of shares	0.00	( 2.13)
	<b>1 502.07</b>	<b>1 502.07</b>

### Notes:

The company has forfeited 42577 partly paid equity shares issued on rights basis in respect of which first and final call money @ 12.50 per share remained unpaid on 30th May, 2018

### Note 19.1 : Equity share capital

During the period of five financial years immediately preceding the Balance Sheet date,

- The Company has not allotted any fully paidup equity shares by way of bonus shares;
- The Company has not allotted any equity shares pursuant to any contract without payment being received in cash;
- The company has not bought back any equity shares

### Note 19.2 Reconciliation of number of shares outstanding at the beginning and at the end of the Reporting Year

At the beginning of the year	1 50 63 300	1 50 63 300
<b>Add : Shares issued for Cash or Right Issue</b>	<b>0</b>	<b>0</b>
	<b>1 50 63 300</b>	<b>1 50 63 300</b>
<b>Less : Shares bought back / Redemption / Forfeited</b>	<b>0</b>	<b>42 577</b>
At the end of the year	<b>1 50 20 723</b>	<b>1 50 20 723</b>

### Note 19.3 Details of shareholders holding more than 5% Shares in the company

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Kandarp K. Amin	36 71 295	24.44	36 71 295	24.44
Archana K. Amin	26 95 515	17.95	26 95 515	17.95
Suchit K. Amin	10 66 195	7.10	7 66 195	5.10
Archit K. Amimm	8 45 395	5.63	6 49 700	4.33

### Note 19.4 Rights, Preferences and Restrictions

The rights and privileges to equity shareholders are general in nature and defined under the Articles of Association.

Equity Shares : The Company has only class of equity shares having a par value of ' 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 20 : Other Equity Reserve and Surplus</b>		
Retained Earnings	45.77	127.23
Securities Premium	1 854.66	1 854.66
Capital Reserve	6.76	6.76
General Reserve	1.50	1.50
<b>Total</b>	<b>1 908.69</b>	<b>1 990.15</b>

**Note 20.1 : Other Equity ...Detailed..****Retained Earnings**

Balance as per previous financial statements	127.23	594.61
Add : Profit / Loss) for the year	( 80.11)	( 471.60)
Add / (Less) : OCI for the year (net of tax)	( 1.35)	4.22
Balance available for appropriation	<u>45.77</u>	<u>127.23</u>
<b>Total:</b>	<b><u>45.77</u></b>	<b><u>127.23</u></b>

**Note 20.2 : Securities Premium**

Opening Balance	1 854.66	1 857.85
Add : Addition during the year	0.00	0.00
Less: Deduction on account of forfeiture of shares	0.00	( 3.19)
Balalance at the end of the year	<u>1 854.66</u>	<u>1 854.66</u>

**Note 20.3 : Capital Reserve**

Opening Balance	6.76	1.44
Add : Amount transferred on account of equity forfeited	0.00	5.32
Balalance at the end of the year	<u>6.76</u>	<u>6.76</u>

**Note 20.4 : General Reserve**

Opening Balance	1.50	1.50
Add : Addition during the year	0.00	0.00
Balalance at the end of the year <b>Total:</b>	<u>1.50</u>	<u>1.50</u>

The description of the nature and purpose of each reserve within equity is as follows :

**Retained Earnings**

The retained earnings reflect the profit of the Company earned till date net of appropriations. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve, after considering the requirements of the Companies Act, 2013

**Securities Premium**

Securities premium reserve is the premium received on issue of shares. These reserve is utilized in accordance with the provisions of the Companies, Act, 2013

**Capital Reserve**

Capital Reserve is created out of forfeiture of equity shares.

**General Reserve**

General reserve was created by transfer of profits as per Companies (Transfer of Profits to Reserve) Rules, 1975. It is a transfer from one component of equity that is retained earnings for appropriation purpose.

**ARCHIT ORGANOSYS LIMITED**

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 21 : Borrowings (Non-Current)</b>		
<b>Secured term loans from banks</b>		
Union Bank of India A/c No. 1163	1 228.28	1 777.30
Union Bank of India Account No. 1174	11.47	0.00
<b>Vehicle Loan</b>		
BMW India Finance Services Pvt. Ltd.	0.00	0.94
<b>Total:</b>	<b>1 239.75</b>	<b>1 778.24</b>
<b>Current maturities of long term debts</b>		
<b>Secured term loans from banks</b>		
Union Bank of India A/c No. 1163	613.08	556.68
Union Bank of India Account No. 1174	44.49	0.00
<b>Vehicle Loan</b>		
ICICI Bank Limited	0.00	5.37
Kotak Mahindra Prime Ltd.	0.94	10.74
<b>Total:</b>	<b>658.51</b>	<b>572.79</b>

**Details of security and repayment thereof****Note 21.1 : Nature of Security****Term Loans**

The Term loans including current maturities amounting to ₹ 1897.32 Lacs (P.Y. ₹ 2333.98 Lacs) from Union Bank of India is secured Union Bank of India is secured by way of hypothecation of plant and machinery created out of project and further secured by factory land and building situated at Bhavnagar and also personal guarantee of Director.

**Vehicle Loans**

The Loans including current maturities amounting to ₹ 0.93 Lacs (P.Y. ₹ 17.05 Lacs) are secured against Vehicles.

**Note 21.2 : Terms of Repayment of Loans****Term Loan**

Union Bank of India A/c No. 1163 :

Repayable in 62 monthly installments in ballooning method commencing from November, 2017. Last Installment due on December, 2023. Rate of interest 11.05% as at period end. (P.Y. 13.10%).

**Term Loan**

Union Bank of India Account No. 1174

Repayable in 62 monthly installments in ballooning method commencing from November,2017. Last Installment due on December, 2023. Rate of interest 11.05% as at period end. (P.Y. NIL).

**Vehicle Loan**

ICICI Bank Limited :

Loan is repayable in monthly installments of ₹ 0.53 Lacs commencing from April,2015 and last installment falls due on February, 2020.

Kotak Mahindra Prime Ltd. :

Loan is repayable in monthly installments of ₹ 0.94 Lacs commencing from May, 2017 and last installment falls due on April, 2020.



## Annual Report 2019-2020

[₹ in Lacs]

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Note 22 : Other Financial Liabilities (Non Current)</b>		
Lease Liability	84.57	0.00
<b>Total:</b>	<b>84.57</b>	<b>0.00</b>
<b>Note 23 : Provisions (Non- Current)</b>		
Provision For Gratuity	42.70	39.09
Less : Plan Assets	( 18.87)	( 19.35)
<b>Total:</b>	<b>23.83</b>	<b>19.74</b>
<b>Note 24 : Borrowings (Current)</b>		
<b>Secured</b>		
Working capital facilities from bank	1 430.33	1 366.29
<b>Total:</b>	<b>1 430.33</b>	<b>1 366.29</b>
<b>Terms of working capital facility from banks</b>		
The Working Capital Loans amounting to ₹ 1430.33 Lacs (P.Y. ₹ 1366.29 Lacs) are secured by Hypothecation of Book Debts, Bills, stock not older than 120 Days. Further it is secured by Factory Land and Building at plot no. 25/9/A and 25/9/B and FDR. Further it is secured by personal guarantee of Directors.		
<b>Note 25 : Trade Payables</b>		
<b>Current</b>		
Due to Micro and Small Enterprise (Refer Note 42)	22.75	21.44
Others	1 268.70	1 041.90
<b>Total:</b>	<b>1 291.45</b>	<b>1 063.34</b>
<b>Note 26 : Other financial liabilities (Current)</b>		
Current Maturities of Long Term Borrowings (Refer Note 20)	658.51	572.79
Lease Liability	50.58	0.00
Payable towards Capital Goods	5.89	41.64
Derivative not recognized as hedge	11.02	0.00
Others	25.67	9.01
<b>Total:</b>	<b>751.67</b>	<b>623.44</b>
<b>Note 27 : Other Current liabilities</b>		
Statutory Liabilities	52.63	38.57
	<b>52.63</b>	<b>38.57</b>
<b>Note 28 : Short Term Provisions</b>		
Gratuity	29.20	24.53
Leave Encashment	2.41	0.00
<b>Total:</b>	<b>31.61</b>	<b>24.53</b>
<b>Note 29 : Current Tax Liabilities</b>		
Provision for Tax	0.00	83.00
Less : Advance Tax	0.00	77.91
<b>Total:</b>	<b>0.00</b>	<b>5.09</b>

## ARCHIT ORGANOSYS LIMITED

	[₹ in Lacs]	
Particulars	2019-2020	2018-2019
<b>Note 30 : Revenue from Operations</b>		
<b>Sale of products</b>		
Manufactured Goods	5 058.02	4 666.44
Stock-in-Trade	2 529.72	3 691.13
<b>Sale of Services</b>		
Job Work Income	25.52	0.00
<b>Other operating revenue</b>		
Export Incentives	32.76	42.04
Facilitaing sale of Chlorine	23.01	0.00
	<u>7 669.03</u>	<u>8 399.61</u>
<b>Break up of Revenue from contracts with customers</b>		
		[₹ in Lacs]
Particulars	2019-2020	2018-2019
<b>Manufactured</b>		
MCAA	3 489.29	3 795.80
SMCA	446.11	732.23
EDTA Tetra - Sodium	0.58	8.03
CAC	986.11	0.00
TCAC	72.38	0.00
Hydro Chlorine Acid	1.26	1.45
Others	62.31	128.93
	<u>5 058.04</u>	<u>4 666.44</u>
<b>Stock in trade</b>		
Ethyle Acetate	0.00	194.83
Acetic Acid	17.23	344.77
Acetic Anhydride	1 043.66	926.46
Linear Alkyl Benezel	1 307.34	2 141.82
Others	161.51	83.25
	<u>2 529.74</u>	<u>3 691.13</u>
<b>Break up of Other Operating revenue</b>		
Export benefits (Net)		
Mrchandise Exports from India Scheme	32.76	42.04
Lifting Charges of Chlorine	23.01	0.00
	<u>55.77</u>	<u>42.04</u>
<b>Note 31 : Other Income</b>		
<b>Interest income</b>		
On Fixed deposits	2.37	5.24
On Other deposits and investments	39.19	34.58
On VAT Refund	0.00	4.00
Other Interest	0.00	1.91
Interest and Electricity Subsidy	107.92	0.00
Commision income	60.09	233.55
Profit on Sale of Fixed Asset	6.56	26.10
Profit on sale of Mutual Fund	0.95	0.00
Foreign exchange fluctuation (net)	3.53	0.00
Other non-operating revenue	0.00	0.00
Sundry Balance written back (net)	7.03	2.91
Miscellaneous income	1.14	6.09
	<u>228.78</u>	<u>314.38</u>

## Annual Report 2019-2020

[₹ in Lacs]

Particulars	2019-2020	2018-2019
<b>Note 32 : Cost of materials consumed</b>		
Raw Materials	2 622.52	3 173.03
Freight Charges, Inward Clearing and Commission	155.29	144.74
	<u>2 777.81</u>	<u>3 317.77</u>
<b>Note 33 : Purchases of traded goods</b>		
Chemicals and Pigments	2 407.78	3 794.59
	<u>2 407.78</u>	<u>3 794.59</u>
<b>Note 34 : Changes in Inventories</b>		
Closing Stock		
Work-in-progress	82.29	75.30
Finished Goods (Inclusive of Goods in Transit)	113.92	294.35
Traded Goods	40.61	52.05
	<u>236.82</u>	<u>421.70</u>
Opening Stock		
Work-in-progress	75.30	160.68
Finished Goods (Inclusive of Goods in Transit)	294.35	160.49
Traded Goods	52.05	63.57
	<u>421.70</u>	<u>384.74</u>
Decrease/(Increase) in Inventories	<u>184.88</u>	<u>( 36.96)</u>
<b>Note 35 : Employee benefits expense</b>		
Salaries, wages and allowance	534.04	459.84
Contribution to provident and other funds	21.47	21.22
Staff welfare expenses	61.10	55.14
	<u>616.61</u>	<u>536.20</u>
<b>Note 36 : Finance Cost</b>		
Interest to :		
Banks	289.00	343.64
Unwinding interest cost	12.85	0.00
Micro and Small Enterprise	0.60	0.00
Others	0.41	0.77
Other Borrowing Cost		
Processing charges (including amortization of processing fees)	12.44	15.05
	<u>315.30</u>	<u>359.46</u>
<b>Note 37 : Depreciation and Amortization</b>		
Depreciation of property, plant and equipment	293.03	276.06
Amortization expense on intangible assets	2.56	2.55
Depreciation on Right of Use Assets	51.85	0.00
	<u>347.44</u>	<u>278.61</u>

## ARCHIT ORGANOSYS LIMITED

	[₹ in Lacs]	
Particulars	2019-2020	2018-2019
<b>Note 38 : Other expenses</b>		
<b>Manufacturing Expenses</b>		
Stores & Other Consumables	53.54	99.81
Power Fuel & Water Charges	348.21	267.99
Repairs and Maintenance		
Plant and Machinery	29.83	19.26
Building	5.40	9.42
Laboratory Expenses	2.08	2.20
Job work Charges	190.38	57.64
Lifting charges HCL	82.39	52.42
	<u>711.83</u>	<u>508.74</u>
<b>Establishment Expenses</b>		
Fees and Legal Expenses	34.66	41.40
Insurance Charges	16.25	19.08
Travelling Expenses	16.48	21.82
Rent, Rates & Taxes	4.29	67.15
Other Repairs	7.40	7.70
Auditor's Remuneration	1.50	1.50
Interest to Suppliers	2.13	1.81
Exchange fluctuation on foreign currency transactions (Net)	0.00	2.44
Detention charges	1.39	2.46
Vehicle Expense	17.25	25.83
Security Expense	12.62	14.17
Miscellaneous Expenditure	38.50	41.69
Loss on asset discarded	6.40	12.82
Donation	0.00	2.51
Provision for Doubtful Debt	93.97	0.00
Bad Debts	0.00	1.79
	<u>252.84</u>	<u>264.17</u>
<b>Selling and Distribution Expenses</b>		
Packing Material Consumed	124.58	89.79
Sales Commission	3.78	2.58
Clearing and Forwarding	126.98	137.43
Others	107.10	87.25
	<u>362.44</u>	<u>317.05</u>
<b>Total:</b>	<u>1 327.11</u>	<u>1 089.96</u>
Auditor's Remuneration is made of		
Statutory Audit Fees	1.50	1.50
<b>Note 39 : Earning per Share</b>		
Profit / (Loss) attributable to Equity shareholders (₹ in Lacs)	( 80.11)	( 471.60)
Number of equity shares	1 50 20 723	1 50 20 723
Basic and Diluted earning per Share (₹)	( 0.53)	( 3.14)
Note: The Company has not issued any equity shares during the year.		

**Note 40: Contingent Liabilities and Commitments**

Particulars	As at 31st March 2020	As at 31st March 2019
<b>A Contingent Liabilities not provided for in respect of</b>		
Claim against the company not acknowledged as debt from HDFC Bank Limited (Refer note (i) below)	147.07	147.07
Custom Duty (Import under Advance Licenses Export Obligation Pending)	90.54	29.84
Income Tax	-	0.13
	<u>237.61</u>	<u>177.04</u>
<b>B Capital Commitments</b>		
Estimated amount of contract remaining to the executed on capital accounts	Nil	39.39
(a) The company had entered in to derivatives contracts (for sale of foreign currency) with HDFC bank Limited which have already been concluded in earlier years. The company had incurred loss on such contracts against which the sum of ₹ 78.71 Lacs (including adjustment of fixed deposit amounting to ₹ 23.64 Lacs have already been paid and charged to Statement of Profit and Loss under the head "Loss on Derivative Contract". The company had also received summons / show cause notice from Mumbai Debt Recovery Tribunal in the month of May, 2009. In response to the same, based on legal advise, the company had filed its reply with appropriate authority. Pending final outcome, the management is of the opinion that the aforesaid liability is of contingent nature and therefore the company has not recognized as liability for the balance loss of ₹ 147.07 Lacs including interest up to January, 2013. Further, In earlier years, HDFC Bank Limited had retained the sum of ₹ 25.48 Lacs out of proceeds of right issues against which the company has initiated legal actions.		

**Note 41:**

During earlier years, legal case has been filed by appropriate authorities alleging a director and an employee of the company causing death of Blackbucks due to drinking of contaminated water. The matter is still sub-judice pending for final adjudication. Meanwhile, the Gujarat Pollution Control Board, vide its order issued in terms of provisions of Section 33A of Water (Prevention and Control of Pollution) Act, 1974 directed the company to close its production process at Bhavnagar unit with immediate effect. In response, upon application made by the company and representation made before the authority, the Gujarat Pollution Control Board vide its order dated 5<sup>th</sup> November, 2018 conditionally withdrew the said order and therefore the company had resumed its operations at Bhavnagar unit by placing necessary measures. The Management does not expect any major impact on operations of the company in this regard.

**Note 42 : Employee Benefits****Note 42.1 Defined contribution plan**

The Company has defined contribution plan in form of Provident Fund & Pension Scheme and Employee State Insurance Scheme for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The total expense recognized in the Statement of profit and loss under employee benefit expenses in respect of such schemes are given below:

Particulars	For the year 2019-2020	For the year 2018-2019
Contribution to Provident Fund and Pension Scheme, included under contribution to provident and other funds	9.64	11.23
Contribution to Employee State Insurance Scheme, included under contribution to provident and other funds	0.75	1.37

[₹ in Lacs]

**Note 42.2 Defined benefit plan****(a) Gratuity**

The Company offers gratuity plan for its qualified employees which is payable as per the requirements of Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

## ARCHIT ORGANOSYS LIMITED

### (b) Defined Benefit Plan

The principal assumptions used for the purposes of the actuarial valuations were as follows:

#### Gratuity

Particulars	Valuation	
	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Discount rate	6.82%	7.78%
Expected rate(s) of salary increase	6.00%	6.00%
Rate of return on plan assets	6.82%	7.78%
Rate of Employee Turnover	2.00%	2.00%

The following table sets out the status of the amounts recognized in the balance sheet & movements in the net defined benefit obligation as at 31st March, 2020

Particulars	[₹ in Lacs]	
	For the year ended 2019-2020 Gratuity (Funded)	For the year ended 2018-2019 Gratuity (Funded)
<b>Changes in the present value of obligation</b>		
1. Present value of obligation (Opening)	63.62	61.15
2. Interest cost	4.95	4.81
3. Past service cost adjustments/Prior year Charges	-	-
4. Current service cost	3.48	3.52
5. Curtailment Cost / (Gain)	-	-
6. Settlement Cost / (Gain)	-	-
7. Benefits paid	(1.89)	—
8. Actuarial (Gain) / Loss arising from change in financial assumptions	4.16	0.28
9. Actuarial (Gain) / Loss arising from change in demographic assumptions	-	-
10. Actuarial (Gain) / Loss arising from change on account of experience changes	(2.42)	(6.14)
11. Present value of obligation (Closing)	71.90	63.62
<b>Changes in the fair value of plan assets</b>		
1. Present value of plan assets (Opening)	19.35	18.03
2. Expected return on plan assets	(0.10)	(0.10)
3. Interest Income	1.51	1.42
4. Actuarial Gain / (Loss)	-	-
5. Employers Contributions	-	-
6. Employees Contributions	-	-
7. Benefits paid	(1.89)	-
8. Fair Value of Plan Assets (Closing)	18.87	19.35
<b>Percentage of each category of plan assets to total fair value of plan assets at the year end</b>		
1. Bank Deposits	-	-
2. Debt Instruments	-	-
3. Policy of Insurance	100%	100%
4. Others	-	-
<b>Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets</b>		
<b>Present Value of funded obligation at the end of the year</b>		
Fair Value of Plan Assets as at the end of the period	18.87	19.35
Amount not recognized due to asset limit	-	-

[₹ in Lacs]

Particulars	For the year ended	For the year ended
	2019-2020	2018-2019
	Gratuity	Gratuity
<b>Deficit of funded plan</b>		
<b>Deficit of unfunded plan</b>		
- Current	29.20	24.53
- Non current	23.83	19.74
<b>Amount recognized in standalone statement of profit and loss in respect of defined benefit plan are as follows:</b>		
<b>Expense recognized in the Statement of Profit and Loss</b>		
Current Service Cost	3.48	3.52
Past Service Cost	-	-
Net interest Cost	3.44	3.39
Net value of re-measurements on the obligation and plan assets	-	-
(Gains)/Loss on Settlement	-	-
<b>Total Expenses recognized in the Statement of Profit and Loss #</b>	<b>6.92</b>	<b>6.91</b>
#Included in 'Salary and Wages' under 'Employee benefits expense'		
<b>Amount recorded in Other comprehensive Income (OCI)</b>		
<b>Re-measurements during the year due to</b>		
Changes in financial assumptions	4.16	0.28
Changes in demographic assumptions	-	-
Experience adjustments	(2.42)	(6.14)
Return on plan assets excluding amounts included in interest income	0.10	0.10
<b>Amount recognized in OCI during the year</b>	<b>1.84</b>	<b>(5.76)</b>

(c) **Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

**Gratuity**

Particulars	Impact on defined benefit obligation					
	Change in Assumption		Increase in Assumptions		Decrease in Assumptions	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	1%	1%	Decrease by (4.32)	(2.84)	Increase by 5.31	3.49
Salary growth rate	1%	1%	Increase by 2.23	2.12	Decrease by (2.14)	(1.79)
Employee Turnover	1%	1%	Increase by 2.01	1.86	Decrease by (2.38)	(2.17)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

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### (d) Major Category of Plan Asset as a % of total Plan Assets

Category of Assets (% Allocation)	As at March 31, 2020 %	As at March 31, 2019	As at March 31, 2020 ₹ in lacs	As at March 31, 2019
Insurer managed funds	100%	100%	18.87	19.35
<b>Total</b>	100%	100%	18.87	19.35

### (e) Risk exposure

Through its defined benefit plans, the group is exposed to a number of risks, the most significant of which are detailed below:

#### Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit.

The gratuity fund is administered through Life Insurance Corporation of India (insurer) under its group gratuity scheme. Accordingly almost the entire plan asset investment is maintained by the insurer. These are subject to interest rate risk which is managed by the insurer.

#### Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' assets maintained by the insurer.

The gratuity fund is administered through Life Insurance Corporation (LIC) of India under its Group Gratuity Scheme.

### (f) Defined benefit liability and employer contribution

The Company generally eliminates the deficit in the defined benefit gratuity plan with in next one year.

Expected contribution to the post -employment benefit plan (Gratuity) for the next year is ₹ 29.20 lakh

The weighted average duration of the defined benefit obligation is 6

**The expected maturity analysis of undiscounted post -employment benefit plan (gratuity) is as follows:**

#### (a) Gratuity

Particulars	[₹ In Lacs]	
	As at 31st March 2020	As at 31st March 2019
1 <sup>st</sup> following year	40.90	42.32
2 <sup>nd</sup> following year	1.02	0.82
3 <sup>rd</sup> following year	1.13	0.86
4 <sup>th</sup> following year	1.20	0.95
5 <sup>th</sup> following year	1.24	1.27
Sum of year 6 to 10 <sup>th</sup>	7.44	5.38
Sum of Years 11 and above	96.14	78.23

### Note 43: Segment Information

The operating segment of the company is identified to be "Manufacturing and trading of Chemicals and Pigments", as the Chief Operating Decision Maker (CODM) reviews business performance at an overall company level as one segment and hence, does not have any additional disclosures to be made under Ind AS 108 Operating Segments.

However, The Company has two geographical segments "India and Rest of World", revenue from the geographic segments based on domicile of the customer are as follows:

Description	[₹ in Lacs]		
	India	Rest of the world	Total
<b>Revenues</b>			
- Year ended 31 <sup>st</sup> March, 2020	6266.23	1321.51	7587.74
- Year ended 31 <sup>st</sup> March, 2019	6690.57	1667.00	8357.57



## Note 44:

## 1. Related Party Disclosures for the year ended March 31, 2020

## (a) Details of Related Parties

Sr.No.	Description of Relationship	Names of Related Parties
1	Key Management Personnel (KMP)	Kandarp K. Amin Archana K. Amin Archit K. Amin
2	Relatives of KMP	Suchit K Amin Shimoli A. Amin Manini S. Amin
3	Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	Krishna Orgochem Adonis Lifecare Private Limited Archit Advance Materials Kalindi Impex S.D. Agro Organosys Kalindi Industries

## (b) Details of transactions with related parties for the year ended March 31, 2020 in the ordinary course of business:

					[₹ In Lacs]
Sr. No.	Nature of Relationship / Transaction	Key Management Personnel (KMP)	Relatives of KMP	Enterprise over which KMP and Relatives have significant influence	Total
1	<b>Director Remuneration</b>				
	Archanaben K. Amin	72.00	-	-	72.00
	Kandarp K. Amin	78.00	-	-	78.00
	Archit K. Amin	45.00	-	-	45.00
	Suchit K Amin	-	29.40	-	29.40
	Shimoli A. Amin	-	18.00	-	18.00
	Manini S. Amin	-	24.00	-	24.00
2	<b>Loan taken during the year</b>				
	Kandarp K. Amin	40.00	-	-	40.00
3	<b>Loan repaid during the year</b>				
	Kandarp K. Amin	40.00	-	-	40.00
4	<b>Rental</b>				
	Archanaben K. Amin	36.50	-	-	36.50
	Kandarp K. Amin	6.00	-	-	6.00
	Shimoli A. Amin	-	10.53	-	10.53
	Manini S. Amin	-	6.40	-	6.40

## c) Amount due to / from related parties as at March 31, 2020

1	<b>Security Deposit for rent</b>				
	Archanaben K. Amin	36.51	-	-	36.51
	Shimoli A. Amin	-	10.53	-	10.53
	Manini S. Amin	-	6.40	-	6.40

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### 2. Related Party Disclosures for the year ended March 31, 2019

#### (a) Details of Related Parties

Sr.No.	Description of Relationship	Names of Related Parties
1	Key Management Personnel (KMP)	Kandarp K. Amin Archana K. Amin Archit K. Amin
2	Relatives of KMP	Suchit K Amin Shimoli A. Amin Manini S. Amin
3	Enterprise over which KMP / Relatives of KMP exercise significant influence through controlling interest (Other Related Party)	Krishna Orgochem Adonis Lifecare Private Limited Archit Advance Materials Kalindi Impex S.D. Agro Organosys Kalindi Industries

#### (b) Details of transactions with related parties for the year ended March 31, 2019 in the ordinary course of business:

[₹ In Lacs]

Sr. No.	Nature of Relationship / Transaction	Key Management Personnel (KMP)	Relatives of KMP	Enterprise over which KMP and Relatives have significant influence	Total
1	<b>Director Remuneration</b>				
	Archanaben K. Amin	60.00	—	—	60.00
	Kandarp K. Amin	60.00	—	—	60.00
	Archit K. Amin	36.00	—	—	36.00
	Suchit K Amin	—	29.40	—	29.40
	Shimoli A. Amin	—	9.00	—	9.00
	Manini S. Amin	—	9.00	—	9.00
2	<b>Sales Commission Expense</b>				
	Adonis Lifecare Private Limited	—	—	2.54	2.54
3	<b>Loan taken during the year</b>				
	Kandarp K. Amin	—	50.00	—	50.00
4	<b>Loan repaid during the year</b>				
	Archanaben K. Amin	—	50.00	—	50.00
5	<b>Rental</b>				
	Archanaben K. Amin	36.50	—	—	36.50
	Kandarp K. Amin	7.80	—	—	7.80
	Shimoli A. Amin	—	10.53	—	10.53
	Manini S. Amin	—	6.40	—	6.40
6	<b>Packing Expenses</b>				
	Kalindi Impex	—	—	3.57	3.57
	Krishna Orgochem	—	—	12.03	12.03
7	<b>Purchase</b>				
	Kalindi Impex	—	—	15.00	15.00
	Krishna Orgochem	—	—	15.68	15.68

[₹ In Lacs]

Sr. No.	Nature of Relationship / Transaction	Key Management Personnel (KMP)	Relatives of KMP	Enterprise over which KMP and Relatives have significant influence	Total
(c)	Amount due to / from related parties as at March 31, 2019				
1	Security Deposit for rent				
	Archanaben K. Amin	36.51	—	—	36.51
	Shimoli A. Amin	—	10.53	—	10.53
	Manini S. Amin	—	6.40	—	6.40
2	Trade Receivable				
	Krishna Orgochem			61.41	61.41

**Note 45 : Capital Management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash and bank balances) and total equity of the Company.

[₹ In Lacs]

Particulars	As at 31st March 2020	As at 31st March 2019
Equity share capital	1502.07	1502.07
Other equity	1908.69	1990.15
<b>Total equity</b>	<b>3410.76</b>	<b>3492.22</b>
Non-current borrowings	1239.75	1778.24
Short term borrowings	1430.33	1366.29
<b>Total loans and borrowings</b>	<b>2670.08</b>	<b>3144.53</b>
Cash and cash equivalents	294.59	489.91
<b>Net Debt</b>	<b>2375.49</b>	<b>2654.61</b>
<b>Net debt to equity</b>	<b>69.12%</b>	<b>76.02%</b>

**Note 46 : Fair value measurements**

**A. Financial instruments by category**

[₹ in lacs]

Particulars	March 31, 2020			March 31, 2019		
	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI
<b>Financial Assets</b>						
Trade receivables	1972.25	--	--	1435.05	--	--
Cash and cash equivalents	294.59	--	--	489.92	--	--
Other bank balances	-	-	-	-	-	-
Loans	2.35	--	--	397.33	--	--
Others financial assets	310.67	--	--	159.09	3.58	--
<b>Total Financial Assets</b>	<b>2579.86</b>	<b>--</b>	<b>--</b>	<b>2481.39</b>	<b>3.58</b>	<b>--</b>
<b>Financial Liabilities</b>						
Borrowings	2670.08	--	--	3144.53	--	--
Trade payables	1291.45	--	--	1063.34	--	--
Other financial liabilities	825.22	11.02	--	623.44	--	--
<b>Total Financial Liabilities</b>	<b>4786.75</b>	<b>11.02</b>	<b>--</b>	<b>4831.31</b>	<b>--</b>	<b>--</b>

**B. Fair value hierarchy for assets**
**Financial assets measured at fair value at 31<sup>st</sup> March, 2020**

[₹ in lacs]

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Derivative Instruments	(11.02)	--	--	11.02
<b>Financial assets measured at fair value at 31<sup>st</sup> March, 2019</b>				
<b>Financial Assets</b>				
Derivative Instruments	3.58	--	--	3.58

**Notes:**

Level 1 hierarchy includes financial instruments measured using quoted prices (unadjusted) in active market for identical assets that the entity can access at the measurement date. This represents mutual funds that have price quoted by the respective mutual fund houses and are valued using the closing Net asset value (NAV).

Level 2 hierarchy includes the fair value of financial instruments measured using quoted prices for identical or similar assets in markets that are not active.

Level 3 if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted compound instruments.

There are no transfers between any of these levels during the year. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**C. Valuation techniques used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- (i) The use of quoted market prices or mutual fund houses quotes (NAV) for such instruments. This is included in Level 1

**D. Fair value of financial assets and liabilities measured at amortized cost**

The Management has assessed that fair value of loans, trade receivables, cash and cash equivalents, other bank balances, other financial assets and trade payables approximate their carrying amounts largely due to their short-term nature. Difference between carrying amount of Bank deposits, other financial assets, borrowings and other financial liabilities subsequently measured at amortised cost is not significant in each of the years presented.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**Note 47 : Financial risk management**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Audit Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management of risk
Credit risk	Cash and cash equivalents, trade receivables, Financial assets measured at amortized cost.	Aging analysis	Diversification of funds to bank deposits, Liquid funds and Regular monitoring of credit limits.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognized financial assets and liabilities not denominated in Indian rupee (₹)	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the net exposure at an acceptable level, with option of taking Forward Foreign exchange contracts if deemed necessary.
Price Risk	Investments in mutual funds	Credit ratings	Portfolio diversification and regular monitoring

**(a) Credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and other financial assets. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

**Credit Risk Management**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at 31 March 2020, as summarized below:

Particulars	[₹ In Lacs]	
	As at 31st March, 2020	As at 31st March, 2019
Loans	2.35	397.33
Other financial assets	310.67	162.66
Cash and cash equivalents	294.59	489.91
Trade receivables	1972.25	1435.05
	2579.86	2484.95

**Trade and other receivables**

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

For trade receivables, provision is provided by the company as per the below mentioned policy:

Particulars	Gross carrying amount	Expected credit losses rate (%)	Expected credit losses	[₹ in lacs]
				Carrying amount of trade receivable
<b>Considered Good</b>				
0 – 1 year	1878.92	--	--	1878.92
More than 1 year	94.27	1%	0.94	93.33
<b>Total</b>	1973.19		0.94	1972.25
<b>Considered Doubtful</b>	93.03	100%	93.03	--
<b>Total :</b>	2066.22	--	93.97	1972.25

## ARCHIT ORGANOSYS LIMITED

### Cash and Cash Equivalents

Credit risk on cash and cash equivalents and other deposits with banks is limited as the Company generally invests in deposits with banks with high credit ratings assigned by external credit rating agencies; accordingly the Company considers that the related credit risk is low. Impairment on these items is measured on the 12-month expected credit loss basis.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's treasury maintains flexibility in funding by maintaining liquidity through investments in liquid funds and other committed credit lines. Management monitors rolling forecasts of the group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

### Financing arrangements

The working capital position of the Company is given below:

[₹ in lacs]

Particulars	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Cash and cash equivalents	294.59	489.91

### Liquidity Table

The Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods is given below. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

#### As at March 31, 2020

[₹ in Lacs]

Financial Liabilities	Payable within 0 to 12 Months	More Than 12 Months	Total
<b>Non-current financial liabilities</b>			
Borrowings	—	1239.75	1239.75
Other Financial Liability	--	84.57	84.57
	—	1324.32	1324.32
<b>Current financial liabilities</b>			
Borrowings from Banks	1430.33	--	1430.33
Trade payables	1291.45	--	1291.45
Other Financial Liability	751.67	--	751.67
	3473.45	--	3473.35
Total financial liabilities	3473.45	1324.32	4797.77

#### As at March 31, 2019

##### Non-current financial liabilities

Borrowings	—	1778.24	1778.24
	—	1778.24	1778.24

##### Current financial liabilities

Borrowings from Banks	1366.28	—	1366.28
Trade payables	1063.34	--	1063.34
Other Financial Liability	623.44	--	623.44
	3053.06	--	3053.06
Total financial liabilities	3053.06	1778.24	4831.30

**(c) Market Risk**

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

**(i) Currency Risk**

The Company is exposed to currency risk on account of foreign currency transactions including recognized assets and liabilities denominated in a currency that is not the Company's functional currency (₹), primarily in respect of US\$, and Euro. The Company ensures that the net exposure is kept to an acceptable level and is remain a net foreign exchange earner.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities are given below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount Foreign Currency	Amount in Indian Currency	Amount Foreign Currency	Amount in Indian Currency
<b>Financial Assets</b>				
Trade receivables				
Unhedged	USD 1.30	107.25	USD 0.12	7.48
Hedged	USD 4.03	295.33	USD 0.44	31.42
<b>Total</b>	<b>USD 5.33</b>	<b>402.57</b>	<b>USD 0.56</b>	<b>38.90</b>
<b>Financial liabilities</b>				
Trade payable				
Unhedged	USD 0.76	57.06	USD 1.60	110.66
Hedged	-	-	-	-
<b>Total</b>	<b>USD 0.76</b>	<b>57.06</b>	<b>USD 1.60</b>	<b>110.66</b>

**Sensitivity Analysis**

Any change with respect to strengthening (weakening) of the Indian Rupee against various currencies as at March 31, 2020 and March 31, 2019 would have affected the measurement of financial instruments denominated in respective currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates.

[₹ in lacs]

Particulars	Profit or Loss March 31, 2020		Profit or Loss March 31, 2019	
	Strengthening	Weakening	Strengthening	Weakening
<b>USD sensitivity</b>				
USD (Increase/decrease by 1%, March 31, 201-1%)	3.46	(3.46)	(0.72)	0.72
Total	3.46	(3.46)	(0.72)	0.72

**(ii) 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 and investments

Most of the Company's borrowings are on a floating rate of interest. The Company has exposure to interest rate risk, arising principally on changes in Marginal Cost of Funds based Lending Rate (MCLR). The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term credit lines besides internal accruals.

## ARCHIT ORGANOSYS LIMITED

The exposures of the Company's financial assets / liabilities at the end of the reporting period are as follows:

[₹ In Lacs]

Particulars	As at 31st	As at 31st
	March 2020	March 2019
Fixed rate borrowings	0.94	17.05
Floating rate borrowings	3327.65	3700.27
<b>Total borrowings</b>	<b>3328.59</b>	<b>3717.32</b>

### Interest rate risk sensitivity:

The below mentioned sensitivity analysis is based on the exposure to interest rates for floating rate borrowings. For this it is assumed that the amount of the floating rate liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rate had been 50 basis points higher or lower, other variables being held constant, following is the impact on profit.

[₹ in Lacs]

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
<b>Interest sensitivity*</b>		
Interest rates – increase by 50 basis points (50 bps)	16.64	18.59
Interest rates – decrease by 50 basis points (50 bps)	(16.64)	(18.59)

\* Holding all other variables constant

### (iii) Price Risk

#### Exposure

The Company's exposure to securities price risk arises from investments held in mutual funds and classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio. Further these are all debt base securities for which the exposure is primarily on account of interest rate risk. Quotes (NAV) of these investments are available from the mutual fund houses. Profit for the year would increase/decrease as a result of gains/losses on these securities classified as at fair value through profit or loss.

#### Note 48:

The COVID-19 pandemic has disrupted various business operations due to lockdown and other emergency measures imposed by the governments. The operations of the Company were impacted briefly, due to shutdown of manufacturing activities following nationwide lockdown. The Company continues with its operations in a phased manner in line with directives from the authorities.

The company has considered the possible effect that may result from pandemic relating to Covid - 19 on the carrying amount of Property, Plant and Equipment, Inventories, Receivables and other current assets. In developing the assumptions relating to the possible future uncertainty in global economic conditions including conditions in India because of this pandemic, the company has used internal and external information available up to the date of issuance of this results. Based on immediate assessment of Covid - 19 and current indicators of future economic conditions, the company does not expect significant impact on its operations and recoverability of value of its assets.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration and accordingly the impact may be different from that estimated as at the date of approval of these financial results.

#### Note 49: Derivative Instruments

The category wise outstanding position of derivative instrument is as under:

Nature	Particulars of derivatives		Purpose
	March 31, 2020	March 31, 2019	
	₹ in Lacs	₹ in Lacs	
Forward Contract	USD 4.03 lacs (Amount equivalent to INR 295.33 lacs)	USD 0.44 lacs (Amount equivalent to INR 31.42 lacs)	Hedging of equivalent export trade receivables (INR) to mitigate the risk of foreign currency fluctuation.



**Note 50 :**

**(a) Due to Micro, Small and Medium Enterprise**

		[₹ in Lacs]	
Sr. No.	Particulars	2019-2020	2018-2019
1	Principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	<b>22.75</b>	21.44
2	The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	<b>NIL</b>	NIL
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	<b>0.54</b>	NIL
4	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	<b>0.54</b>	NIL
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	<b>NIL</b>	NIL

The company has received confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006). The above mentioned information has been compiled to the extent of responses received by the company from its suppliers with regard to their registration under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006).

- (b)** The company has circulated letters of Balance Confirmation to Sundry Debtors, Sundry Creditors and the parties to whom loans and advances have been granted. Confirmations were received in some cases.

**Note 51 : Statement of Management**

- (a) The non current financial assets, current financial assets and other current assets are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary. There are no contingent liabilities except those stated in the notes.
- (b) Balance Sheet, Statement of Profit and Loss, cash flow statement and change in equity read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and financial performance of the Company for the year under review.

**Note 52:**

The figures for the previous year have been regrouped / reclassified wherever necessary to make them comparable with the figures for the current year. Figures are rounded off to nearest lacs.

As per our attached report of even date  
**FOR Chirag R. Shah & Associates**  
 [Firm Registration No. 118791W]  
*Chartered Accountants*  
**Chirag R Shah**  
*Proprietor*  
 Mem. No. 106139  
 UDIN:20106139AAAADW3965  
 Place : Ahmedabad  
 Date : 30th July, 2020

For and on behalf of Board of Directors of  
**ARCHIT ORGANOSYS LIMITED**

<b>Kandarp K Amin</b> Whole Time Director DIN: 00038972  <b>Gajendra Rajput</b> Chief Financial Officer	<b>Archana K Amin</b> Whole Time Director DIN: 00038985  <b>Anchal Bansal</b> Company Secretary
--	--

Place : Ahmedabad  
 Date : 30th July, 2020



**ARCHIT ORGANOSYS LIMITED**

CIN: L24110GJ1993PLC019941

**CORPORATE OFF: 9TH FLOOR, VENUS BENECIA, NR. PAKWAN RESTAURANT,  
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