



**Penta Gold Limited**

*Elements of Purity*



**Annual Report 2019-20**

**Eighth Annual Report 2019-20**

<b>Board of Directors</b>	<b>Mr. Ketan M. Shroff</b>	<b>Chairman &amp; Managing Director</b>
	Mr. Anand B. Chaturvedi	Independent Director
	Mr. Dilip R. Patodia	Independent Director
<b>Board Committees</b>	<b>Audit Committee</b>	Mr. Anand B. Chaturvedi (Chairman)
		Mr. Dilip R. Patodia
		Mr. Ketan Madhusudan Shroff
	<b>Nomination &amp; Remuneration Committee</b>	Mr. Dilip R. Patodia (Chairman)
		Mr. Anand B. Chaturvedi
	<b>Stakeholders Relationship Committee</b>	Mr. Anand B. Chaturvedi (Chairman)
		Mr. Dilip R. Patodia
		Mr. Ketan Madhusudan Shroff
<b>Registered Office</b>	<b>Penta House</b> 2224, Manek Chowk, Opp. Old Share Bazar, Ahmedabad, Gujarat – 380001. Tel. No: +91-079-22416555 Website: www.pentagold.in; Email: info@pentagold.in.	
<b>Corporate Office</b>	1 <sup>st</sup> Floor, 30, Champa Gully, Zaveri Bazar, Mumbai – 400002. Tel No: + 91-022-22402255 Email: info@pentagold.in	
<b>Statutory Auditor</b>	<b>M/s. R A N K &amp; Associates</b> Level 7, Ashok Premises Co-operative Society, Mogra Village, Old Nagardas Road, Nicholas Wadi, Andheri (E), Mumbai – 400069.	
<b>Bankers</b>	1. State Bank of India	5. Bank of India
	2. Axis Bank	6. Kotak Mahindra Bank
	3. Karur Vysya Bank	7. ICICI Bank
	4. Union Bank of India	8. Indusind Bank
<b>Registrar &amp; Transfer Agents</b>	<b>KFin Technologies Private Limited</b> Selenium Building, Tower-B, Plot No 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, Telangana, India. Email: einward.ris@karvy.com Tel No:+91 40-6716 2222 Fax No: +91 402343 1551	
<b>Internal Auditors</b>	<b>M/s. Nimesh Thakkar &amp; Co.</b> 19/C-2, Ground Floor, Triveni CHSL, 60 Ft. Road, Opp. IDBI Bank, Vasai (West), Maharashtra- 401 202.	
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## **NOTICE**

Notice is hereby given that the Eighth Annual General Meeting of the members of **Penta Gold Limited** will be held on Wednesday, 30<sup>th</sup> September, 2020 at 2:00 pm through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### **ORDINARY BUSINESS**

To consider and if thought fit, to pass with or without modifications, the following resolutions as Ordinary Resolutions –

1. **ADOPTION OF ANNUAL AUDITED FINANCIAL STATEMENTS AND REPORTS THEREON**

To consider and adopt the Annual audited financial statements of the company together with the Report of the Board of Directors and the Auditors thereon:

**"RESOLVED THAT** the Audited financial statement which comprises the Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement, Notes to accounts and summary of the significant accounting policies and other explanatory information for the financial year ended 31<sup>st</sup> March, 2020 along with the Auditor's Report and the Board's Report as circulated to the shareholders and laid before the meeting, be received, considered and adopted."

2. **APPOINTMENT OF MR. KETAN MADHUSUDAN SHROFF AS A DIRECTOR IN PLACE OF THOSE RETIRING BY ROTATION**

To re-appoint Mr. Ketan Shroff (DIN: 00332988), Managing Director who retires by rotation and being eligible, offers themselves for re-appointment.

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded to the reappointment of Mr. Ketan Madhusudan Shroff (DIN: 00332988) who retires by rotation and being eligible has offered themselves for reappointment as the Managing Director of the Company.

**On behalf of the Board of Directors**

**FOR, PENTA GOLD LIMITED**

**Sd/-**

**(Ketan M. Shroff)**

**Chairman & Managing Director**

**DIN: 00332988**

**Mumbai, 7<sup>th</sup> September, 2020**



## **Notes**

1. In view of the continuing restrictions on the movement of persons at several places in the country caused by outbreak of COVID –19, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars the AGM of the Company is being held through VC/OAVM.
2. Pursuant to the provisions of the Act, a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. Since this AGM is held through VC / OAVM pursuant to the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Since the AGM will be held through VC/ OAVM, the route map of the venue of the meeting is not annexed to this Notice.
4. Body Corporate shareholders (i.e. other than Individuals, HUF, NRI etc.) are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting are required to send a scanned copy (PDF/JPG Format) of its Board or governing body resolution / Authorization etc. authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address to [csakjain1985@gmail.com](mailto:csakjain1985@gmail.com) with a copy marked to [raghu.veedha@kfintech.com](mailto:raghu.veedha@kfintech.com) (RTA)
5. The Members can join the AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
6. No restrictions on account of FIFO entry into AGM in respect of 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.
7. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
8. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. The Register of Members & Share Transfer Books of the Company will remain closed from Wednesday, 23<sup>rd</sup> September, 2020 to Wednesday, 30<sup>th</sup> September, 2020 (both days inclusive) in connection with the AGM.
10. With reference to the Companies (Management and Administration) Rules, 2014, Companies covered under Chapter XB and Chapter XC as per SEBI (ICDR) Regulations, 2009 is exempted from e-voting provisions. Also, no such provision is available in SME Equity Listing Agreement. Company is covered under Chapter XB as it is a SME Company and listed on

SME Platform of NSE Limited. However as the meeting is held through VC/ OAVM and 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 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.

11. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM and the Annual Report of the company has been uploaded on the website of the Company at [www.pentagold.in](http://www.pentagold.in) The Notice can also be accessed from the website of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) respectively 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).
12. AGM is 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 27th September, 2020 at 10:00 A.M. and ends on 29<sup>th</sup> 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.*

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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.
    - 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), and AADHAR (self-attested scanned copy of Aadhar Card) by email to [info@pentagold.in](mailto:info@pentagold.in)
    - 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 [info@pentagold.in](mailto:info@pentagold.in)

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 are 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 [csakjain1985@gmail.com](mailto:csakjain1985@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

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

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

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

1. Member will be provided with a facility to **attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials.** The link for VC/OAVM will be available in shareholder/members login where the **EVEN** of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation

in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [info@pentagold.in](mailto:info@pentagold.in) the same will be replied by the company suitably.

13. Mr. Ketan Shroff, Managing Director retire by rotation and, being eligible, offer themselves for re-appointment at the Eighth Annual General Meeting. A brief profile of the said director is given below:

Name of Director	Mr. Ketan Madhusudan Shroff
DIN	00332988
Nationality	Indian
Date of Appointment on Board	12/03/2012
Qualification	Under graduate
Shareholding in Penta Gold Limited	9110980 shares
Membership / Chairmanships of Audit and Stakeholders Relationship Committees across Public companies	Nil

14. Mr. Anoop Kumar Jain, Practicing Company Secretary having Membership No. 30202, C.P. No. 10955 has been appointed as the Scrutinizer to conduct the voting by VC/OAVM.

**On behalf of the board of Directors of  
PENTA GOLD LIMITED**

**Sd/-**

**(Ketan M. Shroff)**

**Chairman & Managing Director**

**DIN: 00332988**

**Mumbai, 7<sup>th</sup> September, 2020**

## **Board's Report**

To the Members,

The Board of Directors hereby submits the report of the business & operations of your company ("the Company"), along with the audited accounts of the Company for the financial year ended on 31<sup>st</sup> March, 2020.

### **1. Financial Results**

**(₹'000)**

<b>SN</b>	<b>Particulars</b>	<b>01-04-2019 To 31-03-2020</b>	<b>01-04-2018 To 31-03-2019</b>
1.	Total Sales/Income	5686526.14	3698266.11
2.	Net profit before exceptional/ extraordinary item ,depreciation & tax	51324.81	50463.67
3.	Depreciation	1004.99	956.67
4.	Net profit before exceptional/ extraordinary item & tax	50319.82	49507.00
5.	Exceptional/ extraordinary item :Prior Period Income	782.71	-
6.	Net Profit before Taxation	51102.53	49507.00
7.	Provision for tax (incl. deferred taxes)	12753.24	19653.04
8.	Net Profit after tax	38349.28	29853.96
9.	Balance brought forward	114123.23	84269.27
10.	Appropriations	-	-
11.	Balance carried forward	152472.52	114123.23

### **2. Covid-19**

In the FY 2020, the COVID-19 pandemic developed rapidly forcing the government to enforce lockdown in the entire nation. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers. The company has taken cash flow control and overhead control measures to manage the operations, weekly review mechanism adopted to review the account receivables and measures taken to control the expenditures.

### **3. Review of Operations**

Your Company has achieved satisfactory performance during the period under review and anticipates further acceleration in the performance in terms of sales and profits. The Company

achieved total Revenue of ₹ 568.65 Crores (Previous Year ₹ 369.83 Crores). These revenues comprise of Jewellery Sales of ₹ 426.70 Crores (Previous Year ₹ 366.01 Crores) and bullion sales of 130.23 Crores (Previous Year ₹ 1.10 Crores) The Net Profit stood at ₹ 383.49 lacs (Previous Year ₹298.54 lacs), The Company inspite of many challenges and competitive market conditions was able to achieve satisfactory Sales & Net Profit (After Tax) figures. The management is of the opinion that similar figures will be replicated in the coming future as the overall situation seems to be improving and your Company is working out the future strategy accordingly.

#### **4. Dividend**

The overall situation seems to be improving though at very slow pace due to the outbreak Covid-19 pandemic in the country and your Company is working out the future strategy accordingly. No dividends are recommended for payment to the shareholders for the year.

#### **5. Reserves**

The Company has earned profit of ₹ 383.49 lacs during the year and The company has accumulated profits of ₹ 1524.73 Lacs along with Securities Premium of ₹ 972 Lacs as on 31<sup>st</sup> March 2020

#### **6. Capital Structure of the company**

There is no any change in the capital structure of the company during the financial year ended 31st March 2020.

#### **7. Deposits**

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014 read with Circular No. 05/2015 dated 30th March, 2015.

#### **8. Number of Board Meetings Held**

The Board of Directors duly met Thirty One- times during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows:

SN	Date of Board Meeting	SN	Date of Board Meeting	SN	Date of Board Meeting
1.	01/04/2019	12.	21/06/2019	23.	14/11/2019
2.	03/04/2019	13.	25/06/2019	24.	15/11/2019
3.	10/04/2019	14.	29/06/2019	25.	25/11/2019
4.	22/04/2019	15.	15/07/2019	26.	06/12/2019
5.	24/04/2019	16.	06/08/2019	27.	31/12/2020
6.	27/04/2019	17.	26/08/2019	28.	03/01/2020
7.	15/05/2019	18.	28/08/2019	29.	11/02/2020
8.	18/05/2019	19.	18/09/2019	30.	20/02/2020
9.	30/05/2019	20.	30/09/2019	31.	24/02/2020
10.	31/05/2019	21.	31/10/2019		
11.	04/06/2019	22.	11/11/2019		

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013



## 9. **Committees of the Board:**

The Board has constituted various committees which are as follows:

### a. **Audit Committee:**

The Company has constituted an Audit Committee, as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Committee presently comprises of the following member

<b>Name of Members</b>	<b>Category</b>	<b>Position Held / status in Committee</b>
Mr. Anand Bhagwanji Chaturvedi	Independent Director	Chairman of the Audit Committee
Mr. Dilip Rajkumar Patodia	Independent Director	Member
*Mr. Ketan Madhusudan Shroff	Managing Director	Member

\* Mrs. Dipti Ketan Shroff ceased to be a member of this committee on 15<sup>th</sup> November, 2019

\* Mr. Ashid Hammeed Sayyed was appointed as a member of this committee on 15<sup>th</sup> November, 2019 and ceased to be a member on 23<sup>rd</sup> August, 2020.

\*Mr. Ketan Madhusudan Shroff was appointed as a member of this committee on 24<sup>th</sup> August, 2020.

The Company Secretary of the company shall act as a Company Secretary of the Audit Committee.

### **The Term of Reference and Power of Audit Committee are as under:**

- ❖ Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ❖ Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our company.
- ❖ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ❖ Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- ❖ Reviewing, the half yearly and annual financial statements with the management before submission to the Board for approval;
- ❖ Reviewing, with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a

- public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- ❖ Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - ❖ Approval or any subsequent modification of transactions of our Company with related parties;
  - ❖ Scrutiny of inter-corporate loans and investments;
  - ❖ Valuation of undertakings or assets of our company, wherever it is necessary;
  - ❖ Evaluation of internal financial controls and risk management systems;
  - ❖ Monitoring the end use of funds raised through public offers and related matters;
  - ❖ Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - ❖ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - ❖ Discussion with internal auditors of any significant findings and follow up there on;
  - ❖ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - ❖ Discussion with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - ❖ To establish and review the functioning of the whistle blower mechanism;
  - ❖ Approval of appointment of the chief financial officer (i.e., the whole –time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - ❖ Carrying out any other terms of reference as may be decided by the Board or specified / provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority; and
  - ❖ Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; (b) annual statement of funds utilized for purposes other than those stated in the offer document / prospectus/ notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

#### Powers of Audit Committee

- ❖ To investigate any activity within its terms of reference.
- ❖ To seek information from any employee.
- ❖ To obtain outside legal or other professional advice.
- ❖ To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee duly met seven times during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows:

SN	Date of Committee Meeting
1.	30/05/2019
2.	29/06/2019
3.	15/07/2019
4.	08/11/2019
5.	14/11/2019
6.	02/12/2019
7.	19/03/2020

**b. Nomination and Remuneration Committee**

The Company has constituted a Nomination and Remuneration Committee as per the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Nomination and Remuneration Committee consists of the following members:

Name of Members	Category	Position Held / status in Committee
Mr. Dilip Rajkumar Patodia	Independent Director	Chairman of the Nomination and Remuneration Committee
Mr. Anand Bhagwanji Chaturvedi	Independent Director	Member

\* Mrs. Dipti Ketan Shroff ceased to be a member of this committee on 15<sup>th</sup> November, 2019

\* Mr. Ashid Hammeed Sayyed was appointed as a member of this committee on 11<sup>th</sup> November, 2019 and ceased to be a member on 23<sup>rd</sup> August, 2020.

The company is in the process of recruiting an Independent Director/ NED who shall act as member of the committee.

The Company Secretary of the company shall act as a Company Secretary of Nomination and Remuneration Committee.

**Scope and Terms of Reference of Nomination and Remuneration Committee:**

- ❖ Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall, while formulating such policy ensure that (a) 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; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management 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.
- ❖ Devising a policy on diversity of board of directors.
- ❖ Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board

their appointment and removal and shall carry out evaluation of every directors performance;

- ❖ To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Nomination and Remuneration Committee duly met twice during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows:

SN	Date of Committee Meeting
1.	05/11/2019
2.	14/11/2019

**c. Stakeholders Relationship Committee**

The Company has constituted a Stakeholders Relationship Committee as per the provisions of Section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015. The Stakeholders Relationship Committee consists of the following members:

Name of Members	Category	Position Held / status in Committee
Mr. Anand Bhagwanji Chaturvedi	Independent Director	Chairman
Mr. Dilip Rajkumar Patodia	Independent Director	Member
Mr. Ketan Madhusudan Shroff	Managing Director	Member

\*Mr. Ashid Hammeed Sayyed was appointed as a chairperson of this committee on 15<sup>th</sup> November, 2019 and ceased to be a member on 23<sup>rd</sup> August, 2020.

Mr. Anand Bhagwanji Chaturvedi was appointed as a chairperson of this committee on 24<sup>th</sup> August, 2020.

The Company Secretary of the company shall act as a Company Secretary of Stakeholders Relationship Committee.

Details of investor complaints received during the year are provided below.

The Stakeholder Relationships Committee shall oversee all matters pertaining to investors of our Company. The terms of reference, powers and scope of the Stakeholders Relationship Committee include:

- ❖ To look into the redressal of grievances of shareholders, debenture holders and other security holders;
- ❖ To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- ❖ To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- ❖ To carry out any other function as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time."



The Stakeholders Relationship Committee duly met twice during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows:

SN	Date of Committee Meeting
1.	14/11/2019
2.	19/03/2020

Details of investor complaints received and redressed during FY 2020 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	1	1	0

A detailed explanation and justification for the complaint received is provided in the **Annexure-F**.

#### 10. **Corporate Social Responsibility :**

The company's net worth was less than ₹ 500 Crores, turnover was also less than ₹ 1000 crores and Net Profit as calculated as per Sec. 198 of Companies Act, 2013 was less than ₹ 5 crores during the immediately preceding financial year and hence your company does not fall under the criteria laid down in Section 135 of the Companies Act, 2013, hence the same are not applicable to the company for the period under review.

#### 11. **WHISTLE BLOWER POLICY/VIGIL MECHANISM:**

In compliance with the requirement of the Companies Act, 2013 and SEBI Listing Regulations, the Company has established a Whistle Blower Policy / Vigil Mechanism Policy and the same is placed on the web site of the Company viz. [www.pentagold.in](http://www.pentagold.in)

A fraud and corruption free environment in a Company is the objective and in view of that, a Vigil Mechanism (Whistle Blower) Policy has been adopted by the Board for Directors and employees, which is uploaded on the website of the company [www.pentagold.in](http://www.pentagold.in) pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013. No complaint of this nature has been received by the Audit Committee during the year under review.

#### 12. **Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report.**

Due to the Covid -19 pandemic, the Government announced lockdown in the entire nation. The company's manufacturing unit remained shut from 23<sup>rd</sup> March, 2020 which impacted the operations of the company.

Impact of Covid-19 can be categorized in the following points:

- Continuity of operations:** The company is operating at very low capacity and is still in process of resuming its complete operations.
- Liquidity and debt position:** Receivables got delayed and the cash position has been consequentially affected.
- Debt position:** The company has availed for the Moratorium facility offered pursuant to RBI's guidelines till 31<sup>st</sup> August 2020 and is in process of realizing its debtors to regularize the debts

d. **Supply Chain:** The buyers of the company have stayed their orders due to Covid-19, as a result of which the exports of the company could not be done. As a result of which the company is holding back the stock.

e. **Demand:** The demand of product in general has declined throughout the country.

### **13. Director's Responsibility Statement**

Pursuant to Section 134(5) of the Act, the Board of the directors hereby confirm that –

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2020 and of the profit for the year ended on that date;
- They have taken proper and sufficient care of the 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 fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### **14. Particulars Of Conservation Of Energy, Technology Absorption, Foreign Exchange Earnings/Outgo And Employees**

Particulars with respect to conservation of Energy, Technology absorption and foreign exchange earning & 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 set out hereunder.

<b>SN</b>	<b>Particulars</b>	<b>Disclosure</b>		
1	Conservation of Energy and Power consumption	Your Company has continued to accord priority to conservation of energy and is continuing its efforts to utilize energy more efficiently.		
2	Technology Absorption and Research & Development	Your Company's has developed its own technology base at its office. Your company has not absorbed or imported any technology and no research & development work is carried out.		
3	Foreign Exchange	Earnings	Export of goods	INR 2,18,50,44,885.05/-
				USD 2,96,54,464.57/-
				Euros 12,99,623.60/-
		Outgo	Import of goods	INR 4,45,01,20,825.91/-
				USD 6,27,94,729.50 /-
				GBP 70,715.00/-

## **15. Directors and Key Managerial Personnel**

During the year under review, the following are the changes in office of Directors and Key Managerial Personnel of the company.

### ➤ **Change in Non-Executive director:**

Mr. Ashid Hammeed was appointed as the Non-Executive Director of the company w.e.f. 11<sup>th</sup> November, 2019 and resigned w.e.f 23<sup>rd</sup> August, 2020.

Mrs. Dipti Ketan Shroff, Non-Executive director of the company, resigned from the board w.e.f.15<sup>th</sup> November, 2019.

### ➤ **Change in Chief Financial Officer:**

Mr. Rohit Sharma, resigned as a Chief Financial Officer of the company w.e.f. 18<sup>th</sup> September, 2019.

The position of the Chief Financial Officer is still vacant as your company could not find a suitable candidate. The screening for the suitable candidate is on.

### ➤ **Change in Company Secretary:**

Mrs. Dipika Singh, Company Secretary had resigned from the company with effect from 30<sup>th</sup> September, 2019.

The Board of directors appointed Secretarial Manager on 7th October, 2019, the appointee was assigned the designation of Secretarial Manager, as the procedure for attaining the Membership from the ICSI (The Institute of Company Secretaries of India) was ongoing. This procedure got delayed beyond March, 2020 due to the onset of Covid-19 Pandemic in the country, even at the Institute level, the 15 day training program for availing the Membership Number was abruptly cancelled, due to which the appointee could not complete the said training.

The appointee has applied for her membership and hence the appointment of whole time company secretary and compliance officer is in process and will be done in due course.

### ➤ **Retirement by rotation:**

Mrs. Ketan Shroff, Director of the company, retires under Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

**16. Declaration by Independent Directors**

The Company has received declaration from each independent director under section 149(7) of Companies Act, 2013 that he/she meets the criteria of independence laid down in the section 149(6) of Companies Act, 2013.

**17. Performance Evaluation:**

In compliance with the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the annual evaluation has been carried out by the Board of its own performance, of its committees and Directors by way of individual and collective feedback from Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process

**18. Management Discussion and Analysis Report:**

The Management Discussion and Analysis Report as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this report and is attached as “**Annexure-C**”.

**19. Corporate Governance:**

Since the Company's securities are listed on SME Emerge Platform of National Stock Exchange of India Limited, by virtue of Regulation 15 of SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 the compliance with the corporate governance provisions as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V are not applicable to the Company. Hence corporate governance does not form part of this Boards' Report.

**20. Related Party Transactions**

During the financial year 2019-20, your company has entered into transactions with related parties as defined under Section 2 (76) of the Companies Act, 2013 read with Companies (Specifications of Definitions Details) Rules, 2014, which were in ordinary course of business and on arm length's basis and in accordance with the provisions of Companies Act, 2013, Rules issued thereunder. During the financial year 2019-20, there were no transactions with related parties which qualify as material transactions.

The details of the related party transactions as required under Accounting standard -18 are disclosed in the notes to accounts annexed to the financial statement forming part of this Annual Report.

**21. Auditors****➤ Statutory Auditors**

In accordance with Sec 139 of the Companies Act, 2013, M/s. R A N K & Associates, Chartered Accountants (FRN. 105589W), were appointed by the shareholders of the Company at the Fifth Annual General Meeting held on 14th August, 2017, as Statutory Auditors for a period of 5 years to hold office until the conclusion of the Tenth Annual General



Meeting of the Company to be held in Financial year 2021-22. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

➤ **Internal Auditor**

Pursuant to Section 138 of the Companies Act, 2013, read with relevant rules, if any, M/s. Nimesh Thakkar & Co. (Formerly known as HVN & Associates, Chartered Accountants), were appointed as an Internal Auditor of the Company for the financial year 2020-2021.

➤ **Secretarial Auditor**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr. Anoop Kumar Jain, Practicing Company Secretary (Membership No. 30202, COP: 10955) as a Secretarial Auditor for the Financial Year 2020-2021. The report of the Secretarial Auditor is annexed to this report as "**Annexure D**"

**22. Reporting of fraud**

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/or Board under Section 143(12) of the Act and Rules framed there under.

**23. Explanation or comments on qualifications, reservations or adverse remarks or disclaimer made by the auditors and the Practicing Company Secretary in their report.**

The Report given by the Statutory Auditors on the financial statements of the Company is part of the Annual Report. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

The Report given by the Secretarial Auditor of the Company is part of the Annual Report. The matters referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

There is a qualification, given by the Statutory Auditor and Secretarial Auditor in their Report, to which the management has put forward their explanation in **Annexure-E**

**24. Extract of Annual Return**

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as '**Annexure-A**'.

**25. Particulars of loans, guarantees or investments made under section 186 of the companies act, 2013**

There were no loans and guarantees made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

**26. Development and implementation of a risk management policy**

Your Company has put in place Risk Management Policy to define a framework for identification, assessment and mitigation of risk\_ are events, situations or circumstances which may lead to negative consequences on the Company' businesses. Risk management is a structured approach to manage uncertainty. The Board has adopted a Risk Management Policy for its business and corporate functions and the same have embraced in the decision making to ease the risk involved. Key business risks and their mitigation are considered in day-to-day working of the Company and also in the annual/strategic business plans and management reviews.

**27. The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013**

In Compliance with Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, your Company has constituted an 'Internal Complaints Committee' ('Committee'). Because the number of complaints filed during the year was NIL, the Committee prepared a NIL complaints report. This is in compliance with Section 22 of the Act.

**28. Disclosure for maintenance of Cost Records as specified by the Central Government under section 148(1) of the Companies Act, 2013.**

The Provision of section 148(1) of Companies Act, 2013 is not applicable to our Company.

**29. Particulars of Employee:**

During the year under review, none of the employees were in receipt of remuneration in excess of the limits prescribed under Section. 197 of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence the company is not required to give information under Sub Rule 2 and 3 of Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosure under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are disclosed in **Annexure B**.

**30. Certification on Non Disqualification of directors**

The Certification on non- disqualification of directors is disclosed in **Annexure G**

**31. Certification by Managing Director on Audited Financial Statements**

Certification by the Managing Director is disclosed in **Annexure H**

**32. Secretarial Standards**

During the Financial Year 2019-20, the company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.

**33. Internal Financial Controls Systems and Their Adequacy**

Your Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes.

**34. Issue of Equity Shares with differential rights**

During the year Company has not issued any equity shares with differential rights.

**35. Acknowledgements**

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

**On behalf of the board of Directors of  
PENTA GOLD LIMITED**

**Sd/-  
(Ketan M. Shroff)  
Chairman & Managing Director  
DIN: 00332988  
Mumbai, 7<sup>th</sup> September, 2020**

**"ANNEXURE - A"**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31-03-2020**

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

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>	
1 CIN	L51109GJ2012PLC069352
2 Registration Date	12-03-2012
3 Name of the Company	PENTA GOLD LIMITED
4 Category/Sub-category of the Company	Company limited by Shares Non-govt company
5 Address of the Registered office & contact details	2224, Manek Chowk, Opp. Old Old Share Bazar, Ahmedabad, Gujarat - 380001; Tel. No. - 022-22402255; Email - info@pentagold.in; Website - www.pentagold.in
6 Whether listed company	Yes
7 Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Karvy Selenium Tower B, Plot No 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032, Telangana, India; Email: einward.ris@karvy.com; Tel No: +91 40-6716 2222

<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)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Trading & Manufacturing in Jewellery	3211	100%
2			
3			

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	<b>Not Applicable</b>				
2					
3					

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April,2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	91,25,000	-	91,25,000	71.71%	91,25,000	-	91,25,000	71.71%	0.00%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.			-	0.00%			-	0.00%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	-	91,25,000	71.71%	91,25,000	-	91,25,000	71.71%	0.00%
(2) <b>Foreign</b>									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	-	-	91,25,000	71.71%	91,25,000	-	91,25,000	71.71%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies			-	0.00%			-	0.00%	0.00%
g) FIs			-	0.00%			-	0.00%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	0.00%		-	-	7.71%	0.00%
ii) Indian	11,10,486	-	11,10,486	8.73%	9,81,000		9,81,000	7.71%	-11.66%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	77,581		77,581	0.61%	822000		8,22,000	6.46%	959.54%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	21,74,933		21,74,933	17.09%	15,06,000		15,06,000	11.83%	-30.76%
c) Others (specify)									
Non Resident Indians	-	-	-	0.00%	183000		1,83,000	1.44%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
HUF	2,31,000	-	2,31,000	1.82%	105000		1,05,000	0.83%	-54.55%
Clearing Members	6000		6,000	0.05%	3000		3,000	0.02%	-50.00%
Trusts			-	0.00%	0		-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%	0		-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	-	-	36,00,000	28.29%	36,00,000	-	36,00,000	28.29%	0.00%
<b>Total Public (B)</b>	-	-	36,00,000	28.29%	36,00,000	-	36,00,000	28.29%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
			-	0.00%			-	0.00%	0.00%
<b>Grand Total (A+B+C)</b>	-	-	127,25,000	100.00%	127,25,000	-	127,25,000	100.00%	0.00%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Mr. Ketan M. Shroff	91,10,980	71.60%	0	91,10,980	71.60%	0	0.00%
2	Mr. Pinakin M. Shroff	13,520	0.11%	0	13,520	0.11%	0	0.00%
3	Mrs. Sulochana M. Shroff	100	0.00%	0	100	0.00%	0	0.00%
4	Mrs. Dipati K. Shroff	100	0.00%	0	100	0.00%	0	0.00%
5	Mr. Dharmendra M. Shroff	100	0.00%	0	100	0.00%	0	0.00%
6	Mrs. Anita D. Shroff	100	0.00%	0	100	0.00%	0	0.00%
7	Mr. Vatsal D. Shroff	100	0.00%	0	100	0.00%	0	0.00%

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

Sr.No	Name of Promoter	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning (01.04.2019)/ End of the year (31.03.2020)	% of total shares of the company				No. of Shares	% of total shares of the company
1	Mr. Ketan M. Shroff	9110980 9110980		01-04-2019 31-03-2020			9110980	71.60%
2	Mr. Pinakin Shroff	13520 13520		01-04-2019 31-03-2020			13520	0.11%
3	Mrs. Sulochana M. Shroff	100 100		01-04-2019 31-03-2020			100	0
4	Mrs. Dipati K. Shroff	100 100		01-04-2019 31-03-2020			100	0
5	Mr. Dharmendra M. Shroff	100 100		01-04-2019 31-03-2020			100	0
6	Mrs. Anita D. Shroff	100 100		01-04-2019 31-03-2020			100	0
7	Mr. Vatsal D. Shroff	100 100		01-04-2019 31-03-2020			100	0



(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Name	Hrishita Investments Advisory Pvt. Ltd			
	At the beginning of the year	-	0.00%	5,64,000	4.43%
	Changes during the year	5,64,000	4.43%	-	0.00%
	At the end of the year	5,64,000	4.43%	5,64,000	4.43%
2	Name	Smriti Ranka			
	At the beginning of the year	-	0.00%	5,39,333	4.24%
	Changes during the year	5,39,333	4.24%	667	0.01%
	At the end of the year	5,39,333	4.24%	5,40,000	4.24%
3	Name	Jaishri Chandel			
	At the beginning of the year	-	0.00%	2,70,000	2.12%
	Changes during the year	2,70,000	2.12%	-	0.00%
	At the end of the year	2,70,000	2.12%	2,70,000	2.12%
4	Name	Nisha Baruah			
	At the beginning of the year	-	0.00%	2,67,000	2.10%
	Changes during the year	2,67,000	2.10%	-	0.00%
	At the end of the year	2,67,000	2.10%	2,67,000	2.10%
5	Name	NCL Research & Financial Services Ltd			
	At the beginning of the year	-	0.00%	2,25,000	1.77%
	Changes during the year	2,25,000	1.77%	(93,000)	-0.73%
	At the end of the year	2,25,000	1.77%	1,32,000	1.04%
6	Name	Moksh Finvest & Advisors LLP			
	At the beginning of the year	-	0.00%	2,10,000	1.65%
	Changes during the year	2,10,000	1.65%	(9,000)	-0.07%
	At the end of the year	2,10,000	1.65%	2,01,000	1.58%
7	Name	Kriti Jain			
	At the beginning of the year	-	0.00%	1,20,000	0.94%
	Changes during the year	1,20,000	0.94%	3,000	0.02%
	At the end of the year	1,20,000	0.94%	1,23,000	0.97%
8	Name	Sanjay Chandel			
	At the beginning of the year	-	0.00%	-	0.00%
	Changes during the year	-	0.00%	1,50,000	1.18%
	At the end of the year	-	0.00%	1,50,000	1.18%
9	Name	Rajesh Jain			
	At the beginning of the year	-	0.00%	-	0.00%
	Changes during the year	-	0.00%	1,83,000	1.44%
	At the end of the year	-	0.00%	1,83,000	1.44%
10	Name	Doulat Jain			
	At the beginning of the year	-	0.00%	-	0.00%
	Changes during the year	-	0.00%	1,26,000	0.99%
	At the end of the year	-	0.00%	1,26,000	0.99%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Ketan M. Shroff						
	At the beginning of the year			91,10,980	0.00%	91,10,980	71.60%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			91,10,980	0.00%	91,10,980	71.60%
2	Mrs. Dipi K. Shroff						
	At the beginning of the year			100	0.00%	100	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			100	0.00%	100	0.00%

V. INDEBTEDNESS

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

(₹'000)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5,11,034.72	1,39,898.12	-	6,50,932.83
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	581.51	-	-	581.51
<b>Total (i+ii+iii)</b>	<b>5,11,616.23</b>	<b>1,39,898.12</b>	<b>-</b>	<b>6,51,514.34</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	12,79,101.16	12,85,810.53	-	25,64,911.70
* Reduction	(12,92,579.30)	(6,38,846.72)	-	(19,31,426.02)
Net Change	(13,478.14)	6,46,963.82	-	6,33,485.68
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4,95,550.89	7,86,412.49	-	12,81,963.38
ii) Interest due but not paid	125.18	449.45	-	574.62
iii) Interest accrued but not due	2,462.01	-	-	2,462.01
<b>Total (i+ii+iii)</b>	<b>4,98,138.08</b>	<b>7,86,861.94</b>	<b>-</b>	<b>12,85,000.02</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹'000)

SN.	Particulars of Remuneration	Ketan M. Shroff	Total Amount
1	Gross salary		(₹'000)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,520.00	2,520.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Sitting Fees (Stakeholders Relationship Committee Meeting)	3.00	3.00
	<b>Total (A)</b>	<b>2,523.00</b>	<b>2,523.00</b>
	<b>Ceiling as per the Act</b>		

## B. Remuneration to other Directors

(₹'000)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Dipti K. Shroff	Ashid H. Sayyed	Dilip R. Patodia	Anand Chaturvedi	
		Non Executive Director	Non Executive Director	Independent Director	Independent Director	
1	Independent Directors					
	Fee for attending board committee meetings	-	-	185.00	185.00	
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	185.00	185.00	370.00
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	133.00	4.50	-	-	137.50
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	133.00	4.50	-	-	137.50
	Total (B)=(1+2)	133.00	4.50	185.00	185.00	507.50
3	Other Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (3)	-	-	-	-	-
	Total (C)=(1+2+3+4)	133.00	4.50	185.00	185.00	507.50
	Total Managerial Remuneration	133.00	4.50	185.00	185.00	507.50
	Overall Ceiling as per the Act					

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

(₹'000)

		Rohit Sharma	Dipika Singh	Total Amount
		Chief Financial Officer	Company Secretary	(₹'000)
1	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	229.20	169.73	398.93
	Total	229.20	169.73	-

- \* Mr. Rohit Sharma resigned as CFO w.e.f 16th September, 2019
- \* Mrs. Dipika Singh resigned as CS w.e.f 30th September, 2019

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

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

### ANNEXURE B TO DIRECTOR'S REPORT

#### Disclosure under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**A. The Percentage increase in Remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the Financial year 2019-20 and ratio of remuneration of each key managerial personnel (KMP) against the performance are as under:-**

<b>Name of Key Managerial Personnel (s)</b>	<b>Designation</b>	<b>Total Remuneration (in Rs.)</b>	<b>Percentage Increase/(Decrease) in Remuneration for the Financial year 2019-20</b>	<b>Ratio of Remuneration of each KMP to the median remuneration of employees of the company for the financial year 2019-20</b>
Mr. Ketan Madhusudan Shroff	Managing Director	<b>25,20,000/-</b>	---	<b>11.11 : 1</b>
Mrs. Dipti Ketan Shroff	Director	<b>NIL</b>	---	<b>NIL</b>
Mr. Rohit Sharma*	Chief Financial Officer	<b>2,29,200/-</b>	<b>- 48.50%</b>	<b>1.01 : 1</b>
Mrs. Dipika Singh*	Company Secretary	<b>1,69,727/-</b>	<b>225.95 %</b>	<b>0.75 : 1</b>

\*Mrs Dipika Singh was employed for 6 months.

\*Mr. Rohit Sharma was employed for 5.5 months.

Notes:

- Median Remuneration for the Financial year 2019-20 is ₹ 2,26,800/-
- The aforesaid details are calculated on the basis of remuneration for the financial year 2019-20.
- The number of permanent employees on the rolls of the company is 8 for the year ended 31<sup>st</sup> March, 2020.

4. There was decrease of **19.75 %** in median remuneration of employees during the financial year.
5. Average percentage decrease made in the salaries of employees other than managerial personnel in the Financial year 2019-20 was **16.87 %**
6. It is affirmed that remuneration paid during the year ended 31<sup>st</sup> March, 2020 is as per Remuneration policy of the company.

**On behalf of the board  
PENTA GOLD LIMITED**

**Sd/-  
(Ketan M. Shroff)  
Chairman & Managing Director  
DIN: 00332988  
Mumbai, 7<sup>th</sup> September, 2020**

## **ANNEXURE C TO DIRECTOR'S REPORT**

### **Management Discussion and Analysis Report**

#### **1. INDUSTRY STRUCTURE AND DEVELOPMENTS:**

India's gems and jewellery sector is one of the largest in the world, contributing around 29 per cent to the global jewellery consumption. The market size is estimated to reach Rs 6.99 lakh crore (US\$ 100 billion) by 2025. The sector is home to more than 300,000 gems and jewellery players, contributing about seven per cent to India's Gross Domestic Product (GDP) and employing over 4.64 million employees.

India's gems and jewellery sector contributes around 15 per cent to India's total merchandise export. The overall net export of gems and jewellery stood at US\$ 29.01 billion in FY20, whereas, import was at US\$ 26.05 billion in FY20.

India is the largest consumer of gold in the world. The Government has permitted 100 per cent Foreign Direct Investment (FDI) in the sector under the automatic route. The Rs 250,000 crore (US\$ 35.77 billion) household jewellery industry is probably going to get a major lift through the Government's decision for FDI in retail. The Bureau of Indian Standards (BIS) has revised the standard on gold hallmarking in India from January 2018 to include a BIS mark, purity in carat and fitness, as well as the unit's identification and the jeweller's identification mark on gold jewellery. The move is aimed at ensuring stringent quality check on gold jewellery. The Government has made hallmarking mandatory for gold jewellery and artefacts and a period of one year is provided for its implementation (till January 2021).

As per Union Budget 2019-20, the GST rate has been reduced from 18 per cent to 5 per cent (\*5 per cent without Input Tax Credit (ITC)) for services by way of job work in relation to gems and jewellery, leather goods, textiles etc.

The cumulative FDI inflow in diamond and gold ornaments for the period April 2000–March 2020 stood at US\$ 1.17 billion according to Department for Promotion of Industry and Internal Trade (DPIIT).

#### **2. OPERATIONS OF THE COMPANY :**

We are one of the growing exporters of the Gold jewellery companies in Maharashtra. This was the first year when our Company achieved the export turnover of Rs. 349.85 Crores which is itself a milestone for the Company. This year turnover could have been even better but due to COVID-19 pandemic the business was affected in last quarter . This has impacted negatively on our turnover.

### **3. CURRENT SCENARIO :**

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

### **4. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and statutes. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

### **5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The salient parameters of the financial performance of the Company during the year under review are as under:

#### ***Financial Results***

**(₹'000's)**

<b>SN</b>	<b>Particulars</b>	<b>01-04-2019 To 31-03- 2020</b>	<b>01-04-2018 To 31-03- 2019</b>
1.	Total Sales/Income	5686526.14	3698266.11
2.	Net profit before exceptional/ extraordinary item ,depreciation & tax	51324.81	50463.67
3.	Depreciation	1004.99	956.67
4.	Net profit before exceptional/ extraordinary item & tax	50319.82	49507.00
5.	Exceptional/ extraordinary item :Prior Period Income	782.71	-



6.	Net Profit before Taxation	51102.53	49507.00
7.	Provision for tax (incl. deferred taxes)	12753.24	19653.04
8.	Net Profit after tax	38349.28	29853.96
9.	Balance brought forward	114123.23	84269.27
10.	Appropriations	-	-
11.	Balance carried forward	152472.52	114123.23

**6. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company believes in establishing and building a strong performance and competency driven culture amongst its employees with greater sense of accountability and responsibility. The Company has taken various steps for strengthening organizational competency through the involvement and development of employees as well as installing effective systems for improving their productivity and accountability at functional levels. The Company acknowledges that its principal asset is its employees. Ongoing in-house and external training is provided to the employees at all levels to update their knowledge and upgrade their skills and abilities. As on March 31, 2020, the Company had total 08 full time employees. The industrial relations have remained harmonious throughout the year.

**7. DISCLOSURE OF ACCOUNTING TREATMENT:**

The Company has followed all the treatments in the Financial Statements as per the prescribed Accounting Standards.

**On behalf of the board  
PENTA GOLD LIMITED**

**Sd/-  
(Ketan M. Shroff)  
Chairman & Managing Director  
DIN: 00332988  
Mumbai, 7<sup>th</sup> September, 2020**

Anoop Kumar Jain  
B.Com, ACS

## **Anoop Jain & Associates**

Company Secretaries  
B-1, Nemi Krishna Soc, 2nd Floor  
Jethwa Nagar, V.L. Road, Kandivli(W)  
Mumbai- 400101,  
Email: anoopp\_1985@yahoo.in  
Tel: 022 28645232 Mob: 9930360818

### **ANNEXURE D**

#### **Secretarial Audit Report**

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

#### **FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020**

To

The Members,

#### **PENTA GOLD LIMITED**

2224, MANEK CHOWK OPP OLD SHARE BAZAR

AHMEDABAD GJ 380001 IN

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Penta Gold Limited** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company, during the audit period covering the Financial Year

ended on **31<sup>st</sup> March, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure 'I'** for the Financial Year ended on **31<sup>st</sup> March, 2020** according to the provisions of:

- i. The Companies Act, 2013 and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings, Foreign Direct Investment and Overseas Direct Investment **(Not Applicable to the Company during the period under Audit)**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are as follows:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

- b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- d) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999. Now known as the Securities and Exchange Board of India (Share based employees Benefits) Regulations, 2014 **(The Company has not introduced any such scheme during the financial year under review)**
- g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(The Company has not issued any Debt Securities during the financial year under review)**
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable as the Company has not delisted/propose to delist its Equity Shares from any Stock Exchange during the Financial Year under review)**

- i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;**(Not applicable as the Company has not brought back/propose to Buy-back any of its securities during the Financial Year under review)**
- vi. Other law specifically applicable to the Company as per the representation made by the Management

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company

I have also examined Compliance with the applicable clauses/Regulations of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013;

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except to the extent mentioned below:

- i. **Ms. Dipika Singh Company Secretary designated as Compliance Officer resigned vide letter dated 30<sup>th</sup> August, 2019. The Board of Directors accepted the Resignation of Ms. Dipika Singh of the Office of Company Secretary and compliance Officer w.e.f 30<sup>th</sup> September 2019, Hence there was no Company Secretary and Compliance Officer in the Company w.e.f 30<sup>th</sup> September, 2019.**
- ii. **Mr. Rohit Sharma Chief Financial Officer (KMP) resigned vide letter dated 16<sup>th</sup> August, 2019. The Board of**

**Directors accepted the Resignation of Mr. Rohit Sharma of the Office of Chief Financial Officer (KMP) w.e.f 16<sup>th</sup> September 2019, Hence there was no Chief Financial Officer in the Company w.e.f 16<sup>th</sup> September, 2019.**

- iii. Mrs. Dipti Ketan Shroff Woman Director resigned vide letter dated 15<sup>th</sup> November, 2019. The Board of Directors accepted the Resignation of Mrs. Dipti Ketan Shroff Women Director w.e.f 15th November 2019.**

**I further report that**

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

Adequate Notice is given to all Directors to schedule the Board Meetings, agenda and detailed Notes on Agenda were sent at least seven days in advance or at a Shorter Notice basis and system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliances with the applicable Laws, Rules, Regulations and Guidelines.



I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

In case of Direct and Indirect Tax Laws like Income Tax Act, Goods and Service Tax Act, I have relied on the Reports given by the Statutory Auditors of the Company.

**I further report that** during the audit period, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, Rules, Regulations, Guidelines, Standards, etc.

**I further report that** during the audit period the Company has the following specific events:

Under Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or anybody corporate/ entity/entities and/or authority/authorities, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding a sum of Rs. 500 crores (Rupees Five Hundred Crores only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves

Under Section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, consent of the shareholders of the company be and is hereby accorded, to the Board of Directors of the Company to pledge, mortgage, hypothecate and/or charge all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of banks, financial institutions, investors and any other lenders to secure the amount borrowed by the Company or any third party from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed a sum of Rs. 500 crores (Rupees Five Hundred Crores only) for the Company

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

**Place: Mumbai**

**For Anoop Jain & Associates**

**Date: 07/09/2020**

**UDIN NO:-A030202B000672998**

**Anoop Jain**

**Practicing Company Secretary**

**Membership No.30202**

**COP No. 10955**

## **ANNEXURE - I**

### **List of documents verified**

1. Memorandum & Articles of Association of the Company.
2. Financial Statement of the Financial Year ended 31st March, 2020.
3. Minutes of the Meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, and Share Transfer & Stakeholder Relationship Committee along with Attendance Register held during the Financial Year under report.
4. Minutes of Annual General Meetings and Extra General Meeting held during the Financial Year under report.
5. All Statutory Registers.
6. Agenda papers submitted to all the Directors /Members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013 and attachments thereto during the Financial Year under Report.
8. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
9. Intimations received from directors under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

10. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.

11. Closure of Register of Members.

**Place: Mumbai**

**For Anoop Jain& Associates**

**Date: 07/09/2020**

**UDIN NO:- A030202B000672998**

**Anoop Jain  
Practicing Company Secretary  
Membership No.30202  
COP No. 10955**

## **Annexure - II**

**To,**  
**The Members,**  
**PENTA GOLD LIMITED**

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

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my audit.
2. I have followed the audit practices and 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. I believe that the process and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Wherever required, I 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 and standards is the responsibility of management. My 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.

**Place: Mumbai**

**For Anoop Jain & Associates**

**Date: 07/09/2020**

**UDIN NO:- A030202B000672998**

**Anoop Jain**

**Practicing Company Secretary**

**Membership No.30202**

**COP No. 10955**



## ANNEXURE E TO DIRECTOR'S REPORT

### Company's Reply to the Statutory Auditor's Qualification/ Reservations

To the Members of  
Penta Gold Limited,

STATUTORY AUDITORS' REPORT	COMPANY'S REPLY
Basis of Audit Qualification	
<p>1. <i>As explained in Note 21.14 to the financial statements, Amongst Total Inventories Worth ₹ 270.2 crores as on 31st March 2020, majority of Inventories were lying with the third parties for which confirmation was obtained by the management.</i></p> <p><i>Since all the stocks were lying with the third parties we were not able to physically verify the Inventories and Hence In absence of the physical verification of the Inventories we are unable to comment upon the condition &amp; existence of the Inventory based on third party confirmations and hence we are unable to comment on the impact, if any, of the same on the accompanying financial statements</i></p> <p>2. <i>The Company's internal controls over financial reporting with respect to the Inventories lying with the third parties which cannot be verified physically were not operating effectively, which could result in a potential material misstatement in the carrying value of inventory, cost of goods sold and its consequential impact on the earnings, reserves and related disclosures in the financial statements</i></p> <p><b>For,</b> <b>R A N K &amp; Associates</b> Chartered Accountants FRN: 1055589W</p> <p><b>Sd/-</b> <b>Rahul Nahata</b> Partner Membership Number: 116511</p>	<p>The Inventory is lying with the third parties in order to mitigate safety risk, since repair work were carried out at Factory Premises and there was no proper storage facility available at factory premises ensuring utmost security.</p> <p>In relation to said stocks written confirmation has been obtained by the management.</p> <p>The said inventories could not be verified due to lockdown in Mumbai due to Covid-19 Outbreak.</p> <p>The qualification is with respect to condition &amp; existence of inventory, Impact of which cannot be quantified</p> <p>For and on behalf of the company</p> <p><b>Sd/-</b> <b>Ketan Madhusudan Shroff</b> Chairman and Managing Director DIN: 00332988</p>

## ANNEXURE E TO DIRECTOR'S REPORT

### Company's Reply to the Secretarial Auditor's Qualification/ Reservations

SECRETARIAL AUDITORS' REPORT	COMPANY'S REPLY
Basis of Qualification	
<p>1. <i>Ms. Dipika Singh Company Secretary designated as Compliance Officer resigned vide letter dated 30th August, 2019. The Board of Directors accepted the Resignation of Ms. Dipika Singh of the Office of Company Secretary and compliance Officer w.e.f 30th September 2019, Hence there was no Company Secretary and Compliance Officer in the Company w.e.f 30th September, 2019.</i></p>	<p>Mrs. Dipika Singh, Company Secretary had resigned from the company with effect from 30th September, 2019.</p> <p>The Board of directors appointed Secretarial Manager on 7th October, 2019, the appointee was assigned the designation of Secretarial Manager, as the procedure for attaining the Membership from the ICSI (The Institute of Company Secretaries of India) was ongoing. This procedure got delayed beyond March, 2020 due to the onset of Covid-19 Pandemic in the country, even at the Institute level, the 15 day training program for availing the Membership Number was abruptly cancelled, due to which the appointee could not complete the said training.</p> <p>The appointee has applied for her membership and hence the appointment of whole time company secretary and compliance officer is in process and will be done in due course.</p>
<p>2. <i>Mr. Rohit Sharma Chief Financial Officer (KMP) resigned vide letter dated 16th August, 2019. The Board of Directors accepted the Resignation of Mr. Rohit Sharma of the Office of Chief Financial Officer (KMP) w.e.f 16th September 2019, Hence there was no Chief Financial Officer in the Company w.e.f 16th September, 2019</i></p>	<p>The position of the Chief Financial Officer is still vacant as your company could not find a suitable candidate. The screening for the suitable candidate is on, however due to Covid-19 pandemic, the recruiting process was inadvertently stalled and management is currently looking for suitable candidate commensurate with its requirement.</p>

3. *Mrs. Dipti Ketan Shroff, Woman Director resigned vide letter dated 15th November, 2019. The Board of Directors accepted the Resignation of Mrs. Dipti Ketan Shroff Women Director w.e.f 15th November 2019.*

The position of the woman director is still vacant as your company could not find a suitable candidate. The screening for the suitable candidate is on, however due to Covid-19 pandemic, the recruiting process was inadvertently stalled and management is currently looking for suitable candidate commensurate with its requirement.

**For,**

**Sd/-**  
**Anoop Jain & Associates**  
**Anoop Kumar Jain**  
**Practising Company Secretary**  
**Membership No. 30202**  
**COP No. 10955**  
**7<sup>th</sup> September, 2020**

**For and on behalf of the company,**

**Sd/-**  
**Ketan Madhusudan Shroff**  
**Chairman and Managing Director**  
**DIN: 00332988**  
**7<sup>th</sup> September, 2020**

## **ANNEXURE F**

### **CLARIFICATION SOUGHT BY NATIONAL STOCK EXCHANGE**

An article was published in the newspaper “Mumbai Mirror’s dated 13<sup>th</sup> March, 2020 captioned as “Bullion merchant arrested in gold smuggling probe”

Your company hereby clarifies that all the apprehensions mentioned in the news article regarding any smuggling activities conducted through the company is incorrect & would like to highlight the matter as under:

1. Firstly your company would like to mention that your company is ‘One star Export House’ status holder & manufacturer exporter of wide range jewellery for the last several years & hence Importing Gold Bars & Exporting the Jewellery post processing the same is the primary business activity of the company.
2. Your company, in the past used to purchase gold from the Nominated Bank/ Agencies for export purposes, However in order to scale up the business, eliminating the intermediaries & exercising the Advance Authorization scheme (“the scheme”) available for us considering our past export performances , the company started Importing under the scheme from October 2018 onwards.
3. Advance Authorization for importing the gold bars is obtained from DGFT where the Authorization holder has to export the jewellery within 120 days from the date of actual import.
4. Your company in the past had imported gold bars against two Advance Authorizations dated 23rd August 2018 & 11th February 2019 which subsequent to import were processed and exported under the supervision of Customs officers and all the export obligations pertaining to the said two Licenses were duly complied with.
5. As regards imports made against Advance Authorization No.0310827863 dated 22.03.2019 which was the 3rd Import Authorization, your company had complied with 67% of the export obligations by processing the imported gold and exporting the Jewellery to overseas purchasers at Hong Kong.
6. That since there was social unrest between Hong Kong and China, the overseas purchasers of the gold jewellery were unable to make payments against the jewellery exported to them and requested for time to make the payments.
7. Due to the market condition in the International community, fearing non-realization of payment against the jewellery delivered, the balance export obligation of 33% was kept on hold, and hence an Application was made with the Policy Relaxation Committee (“the PRC”) of DGFT seeking extension of time.
8. It is to be appreciated that your company has made all the imports under Advance Authorization scheme & hence it can in no sense be remarked as smuggling.

Your company hereby clarifies that all the Inquiries were initiated just because of delay in export of 33% of gold imported in the 3rd Authorization due to circumstances beyond the control of the company & hence the apprehensions made in the news article is without any basis. Your company also sent a clarification to the National Stock Exchange on 26<sup>th</sup> May, 2020.

### **Complaint received**

Based on the news item published in the newspaper “Mumbai Mirror” on 13<sup>th</sup> March, 2020, an apprehension was raised with the National Stock Exchange by a person who wasn’t the shareholder, stakeholder or employee of the company.

However, as a part of good governance your company reiterated the matter vide reply dated 26<sup>th</sup> May, 2020 to the National Stock Exchange against the said complaint and also reported in Reg.13(3) of the SEBI (LODR) Regulations, 2015 -Statement of Investor Complaints

**Sd/-**  
**(Ketan M. Shroff)**  
**Chairman & Managing Director**  
**DIN: 00332988**  
**Mumbai, 7<sup>th</sup> September, 2020**

Anoop Kumar Jain  
B.Com, ACS

## **Anoop Jain & Associates**

Company Secretaries  
B-1, Nemi Krishna Soc, 2nd Floor  
Jethwa Nagar, V.L. Road, Kandivli(W)  
Mumbai- 400101,  
Email: anoopp\_1985@yahoo.in  
Tel: 022 28645232 Mob: 9930360818

### **ANNEXURE G**

#### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members,**

**PENTA GOLD LIMITED**

(CIN: L51109GJ2012PLC069352)

Registered Office: 2224, ManekChowk,

Opposite Old Share Bazar, Ahmedabad, Gujarat-380001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Penta Gold Limited having (CIN:L51109GJ2012PLC069352) and having registered office at 2224, ManekChowk , Opposite Old Share Bazar, Ahmedabad, Gujarat-380001(hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements)Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>SR No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in company</b>
1.	Ketan Madhusudan Shroff	00332988	12/03/2012
2.	Dilip Rajkumar Patodia	01357786	13/04/2017
3.	Anand Bhagwanji Chaturvedi	01566749	13/04/2017
4.	*Ashid Hammeed Sayyed	08601002	11/11/2019

\*Mr.Ashid Hammeed Sayyed resigned as a non -executive director of the company with effect from 23<sup>rd</sup> August, 2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai

For Anoop Jain& Associates

Date: 07/09/2020

UDIN NO:-A030202B000673042

Anoop Jain

Practicing Company Secretary

Membership No.30202

COP No. 10955

**ANNEXURE H****MANAGING DIRECTOR CERTIFICATION**

Regulation 17(8) and 33(2) (a) of SEBI (LODR) 2015

- A. I have reviewed audited Financial Statements and cash flow statement for the year 2019-20 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit committee

1. Significant changes in internal control over financial reporting during the year;
2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

**On behalf of the board  
PENTA GOLD LIMITED**

**Sd/-  
(Ketan M. Shroff)  
Chairman & Managing Director  
DIN: 00332988  
Mumbai, 7<sup>th</sup> September, 2020**





## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**PENTA GOLD LIMITED**

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited accompanying financial statements of Penta Gold Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the statement of Profit and Loss and the cash flow statement for the year then ended on 31st March 2020, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, 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 accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2020 and Statement of Profit & Loss and its Cash Flow Statement for the year ended on that date.

#### Basis for Qualified Opinion

As explained in note 21.14 to the financial statements, Amongst Total Inventories worth Rs. 270.2 crores as on 31st March 2020 majority of Inventories were lying with the third parties for which confirmation was obtained by the management.

Since all the stocks were lying with the third parties we were not able to physically verify the Inventories and Hence In absence of the physical verification of the Inventories we are unable to comment upon the condition & existence of the Inventory based on third party confirmations and hence we are unable to comment on the impact, if any, of the same on the accompanying financial statements.

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

#### Emphasis of Matter

- i. We draw attention to note 21.13 to the accompanying financial statements regarding the delays in fulfilling the export obligation of 157.87 kg Imported raw gold beyond the timelines stipulated under Advance Authorisation obtained from DGFT, The company is under proceeding for the said matter with Chief Commissioner of Customs.  
Further there are pending export obligation of 547.21 kg Imported Raw Gold except stated above.





- ii. We draw attention to note 21.15 to the accompanying financial statements regarding the delay in payment of foreign currency against Imports worth ₹ 44.18 crores, the company is in process of filing application to authorized dealer / Reserve Bank of India

Our opinion is not modified in respect of the above matter.

## Key Audit Matters

This section of our auditor's report is intended to describe the matters selected from those communicated with those charged with governance 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.

In addition to the matters described in the Basis for Qualified Opinion & Emphasis of matter paragraph, we have determined the matters described below to be the key audit matters to be communicated in our report.

Description of Key Audit Matters:

The Key Audit Matter	How our audit addressed the key audit matter
<b>Recognition of Foreign Exchange Gain/Loss</b>	
<p>The company has recorded Rs. 9.60 crore as Net Foreign Exchange gain from Monetary Items during the year. The company is subject to foreign exchange fluctuation risk</p> <p>As detailed in Significant Accounting Policies, described in note J, transactions in foreign currencies are recorded at actual rate on the date of transaction</p> <p>Monetary items denominated in foreign currencies at the end of the period are restated at the exchange rate prevailing at the end of period.</p> <p>Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.</p>	<p>Our Procedures Included:</p> <p>Assessing the effectiveness of the controls relating to the recognition of foreign currency transactions</p> <p>Assessing all the hedging practices for foreign currency exposures through execution / cancellation of Forward Contracts</p> <p>Assessing the adequacy of disclosure in note J of Significant accounting policies &amp; note no 21.10 of other notes with respect to the disclosure requirements as per Financial Reporting Framework</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's 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 during the course of our audit or otherwise appears to be materially misstated.





If, based on the work we have performed, we conclude that there is no 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements 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.

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

### **Auditor's Responsibility 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

### **Report on other Legal and regulatory Requirements**

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

- (a) Except for the matters stated in basis for qualified opinion paragraph we have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit.
- (b) Except for the matters stated in basis for qualified opinion paragraph In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this Report are in agreement with the books of accounts;
- (d) Except for the matters stated in 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 A';



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanation given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 21.12 to the financial statements;
  - The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company. The question of delay in transferring such sums does not arise.
2. 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 Act, we give in the Annexure 'B' a statement on the matters specified in the paragraph 3 and 4 of the Order.

Date : 31<sup>st</sup> July, 2020

Place: Mumbai

For **RANK & ASSOCIATES**  
Chartered Accountants  
ICAI Firm Registration No. 105589W



Rahul  
Nahata

Digitally signed by Rahul Nahata  
DN: cn=Rahul Nahata,  
postalCode=400032, st=Maharashtra,  
serialNumber=105589W, email=rahul.nahata@rank.co.in,  
c=IN  
Date: 2020.07.31 15:53:48 +05'30'

**Rahul P. Nahata**  
(Partner)

Membership No. 116511  
UDIN: 20116511AAAABM6881



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Penta Gold Limited of even date)

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

We have audited the internal financial controls over financial reporting of Penta Gold Limited (“the Company”) as of 31<sup>st</sup> 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. 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.

#### **Auditor’s 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of





Membership No. 116511



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under the heading "Report on other Legal and Regulatory Requirements" of our report on even date to the members of Penta Gold Limited of even date.)

- i. In respect of the Company's fixed assets:
- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) According to the information and explanation given to us and based on the records produced before us, the title deed of immovable properties are held in the name of the company.
- ii. In our opinion except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the management has conducted physical verification of inventory at reasonable intervals during the year, except for stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management from Third Parties. No material discrepancies were noticed on the aforesaid verification.
- iii. According to the information and explanation given to us, the Company has not granted any secured/unsecured loans to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act 2013.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and the Companies (Acceptance and Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the order are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of activities of the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Goods & Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date of becoming payable except for the following:

Name of the Statute	Nature of the dues	Amount (₹ in 000's)	Period	Due Date	Date of Payment
Income Tax Act, 1961	Income Tax (Including Interest)	₹ 469.16	FY 2018-19	15th March 2019	Not paid yet





(b) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Goods & Service Tax and Cess which have not been deposited as on 31<sup>st</sup> March, 2020 on account of disputes are given below:

Name of the Statute	Nature of the dues	Amount (₹ in 000's)	Amount Paid under protest	Period	Forum
Income Tax Act, 1961	Income Tax	₹ 1,30,65.48	2613.10	FY 2013-14	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Penalty under Customs	₹ 1,200.00	-	FY 2013-14	Customs Excise and Service Tax Appellate Tribunal

- viii. In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The company has not borrowed from government and also the company has not issued debentures.
- ix. In our opinion and according to the information and explanation given to us, the Company has not raised any funds by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers or employees of the company has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as specified in the Nidhi Rules, 2014 and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us, during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



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

Date : 31<sup>st</sup> July, 2020

Place: Mumbai



For **RANK & ASSOCIATES**  
*Chartered Accountants*  
ICAI Firm Registration No. 105589W

**Rahul  
Nahata**

Digitally signed by Rahul Nahata  
DN: cn=Rahul Nahata, postalCode=400052,  
st=Maharashtra,  
2.5.4.20=544475d8a8c3911271ba20def2e75  
ee7b129d7a754817a033e08353d76a9e,  
serialNumber=9e3c013d866edk2a2c4d94f1  
0860ec84561b6e521064c4f1d1a96ab1b5,  
cn=Rahul Nahata  
Date: 2020.08.01 00:00:48 +05'30'

**Rahul P. Nahata**  
*(Partner)*  
Membership No. 116511

**Balance Sheet as at 31st March, 2020**

Equity & Liabilities	Note	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
<b>Shareholder's Funds</b>			
Share Capital	1	1,27,250.00	1,27,250.00
Reserves and Surplus	2	2,49,672.52	2,11,323.23
<b>Non Current Liabilities</b>			
Deferred tax liabilities (net)	21.6	20.17	122.18
Long Term Borrowings	3	15,946.34	-
<b>Current Liabilities</b>			
Short term borrowings	4	12,58,580.95	6,51,514.34
Trade payables	5	26,90,449.48	3,40,473.66
Other current liabilities	6	20,076.27	11,973.72
Short term provisions	7	15,303.45	19,461.79
<b>Total -</b>		<b>43,77,299.17</b>	<b>13,62,118.92</b>
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed assets - Tangible	8	7,881.10	8,838.01
Long-term loans and advances	9	201.00	581.00
<b>Current Assets</b>			
Inventories	10	27,01,944.04	7,66,682.63
Trade receivables	11	15,05,006.17	3,99,448.80
Cash & cash equivalents	12	1,44,562.62	1,65,081.42
Short-term loans and advances	13	9,729.19	15,137.00
Other current assets	14	7,975.04	6,350.06
<b>Total -</b>		<b>43,77,299.17</b>	<b>13,62,118.92</b>

The accompanying notes form an integral part of the financial statements.  
As Per our report of even date

For R A N K & ASSOCIATES  
Chartered Accountants  
ICAI Firm Regn No. 105589W

**Rahul Nahata**

Digitally signed by Rahul Nahata  
DN: cn=Rahul Nahata, o=RANK & ASSOCIATES, ou=Chartered Accountants, email=rahul.nahata@rankandassociates.com, c=IN

Rahul P. Nahata  
(Partner)  
Membership No. 116511

Mumbai, 31st July, 2020



On behalf of Board of Directors of Penta Gold Limited

KETAN  
MADHUSUDAN  
SHROFF

Ketan M. Shroff  
(Chairman & Managing Director)  
(DIN: 00332988)





## Statement of Profit &amp; Loss for the year ended 31st March, 2020

Continuing Operations	Note	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
<b>Income</b>			
Revenue from operations	15	55,69,258.44	36,71,102.71
Other Income	16	1,17,267.70	27,163.40
<b>Total Revenue -</b>		<b>56,86,526.14</b>	<b>36,98,266.11</b>
<b>Expenses</b>			
Cost material consumed	17	74,57,807.59	38,88,793.57
Changes in inventories	18	(19,35,261.42)	(3,04,591.78)
Employee benefits expense	19	5,200.26	5,149.88
Finance cost	20	72,089.46	50,316.33
Depreciation	8	1,004.99	956.67
Other expense	21	35,365.44	8,134.43
<b>Total Expense -</b>		<b>56,36,206.32</b>	<b>36,48,759.11</b>
Profit before exceptional/extraordinary items & tax		50,319.82	49,507.00
<b>Exceptional / extraordinary Items</b>			
- Prior Period Items	21.2	782.71	-
Profit before tax		51,102.53	49,507.00
<b>Tax expense</b>			
Current tax expense		13,996.83	18,307.72
Deferred tax	21.6	(102.01)	93.04
Short / (-) Excess Provisions of earlier years		(1,141.58)	1,252.28
Profit for the period from continuing operations (A)		38,349.28	29,853.96
Discontinuing operations (B)		-	-
<b>Profit for the period (A + B)</b>		<b>38,349.28</b>	<b>29,853.96</b>
<b>Earning Per Share - Basic (₹)</b>		<b>3.01</b>	<b>2.38</b>
<b>Earning Per Share - Diluted (₹)</b>	21.4	-	-

The accompanying notes form an integral part of the financial statements.  
As Per our report of even date

For RANK & ASSOCIATES  
Chartered Accountants  
ICAI Firm Regn No. 105589W

On behalf of Board of Directors of Penta Gold Limited

KETAN  
MADHUSUDAN  
SHROFF

[illegible]

Rahul  
Nahata

[illegible]

Rahul Mahajan

Ketan M. Shroff  
(Chairman & Managing Director)  
(DIN: 00332988)

Rahul P. Nahata  
(Partner)  
Membership No. 116511

Mumbai, 31st July, 2020



**Statement of cash flows for the year ended 31st March, 2020**

Particulars	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit / (Loss) after Tax as per Statement of P & L	38,349.28	29,853.96
Adjustments for :		
Current Taxation	12,855.25	18,307.72
Deferred Taxation	(102.01)	93.04
Net Profit / (Loss) before Tax and Extraordinary items	51,102.53	48,254.73
Adjustments for :		
Depreciation	1,004.99	956.67
Interest Expenses	64,077.88	44,900.91
Unrealized Foreign exchange loss / (Gain)	(20,265.20)	(10,403.89)
Interest Income	(20,900.29)	(2,145.06)
Profit on sale of vehicle	-	(6.61)
Operating Profit before working capital changes	75,019.91	81,556.76
Adjustments for :		
(Increase) / Decrease in Inventories	(19,35,261.42)	(3,04,591.78)
(Increase) / Decrease in Trade Receivables	(10,72,110.58)	(1,96,553.00)
(Increase) / Decrease in Short Term Loans and Advances	5,407.81	(15,430.86)
(Increase) / Decrease in Other Current Assets	(1,624.98)	4,337.56
(Increase) / Decrease in Long Term Loans and Advances	380.00	(100.00)
Increase / (Decrease) in Trade Payables	23,49,975.83	2,99,983.75
Increase / (Decrease) in Other Current Liabilities	8,102.55	10,301.96
Increase / (Decrease) in Short term Provisions	1,981.74	8,524.64
Increase / (Decrease) in Short term Borrowings	5,93,885.01	1,55,078.96
Increase / (Decrease) in Long term Borrowings	15,946.34	-
Cash generated from / (used in) operating activities	41,702.22	43,108.00
Direct Taxes (paid) / refund	(18,995.33)	(12,788.93)
Cash flow before Extraordinary items	22,706.88	30,319.08
Extra Ordinary Item	(782.71)	-
Net Cash generated from / (used in) operating activities	21,924.18	30,319.08
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Capital WIP	(48.09)	(615.50)
Proceeds from sale of Fixed Asset	-	380.00
Interest received & Other Income	21,683.00	2,145.06
Net cash used in investing activities	21,634.91	1,909.56
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	1,33,200.00
Proceeds / (Repayment) of Short term borrowing:	-	-
Interest paid	(64,077.88)	(44,900.91)
Net cash generated from financing activities	(64,077.88)	88,299.09
Net increase in cash and cash equivalents (A+B+C)	(20,518.79)	1,20,527.73
Cash and cash equivalents at the beginning of the period	1,65,081.42	44,553.68
Cash and cash equivalents at the end of the period	1,44,562.62	1,65,081.42

Note : Above Cash Flow Statement is prepared as per Indirect Method prescribed in Accounting Standard - 3

As Per our report of even date

On behalf of Board of Directors of Penta Gold Limited

For RANK & ASSOCIATES  
Chartered Accountants  
ICAI Firm Regn No. 105589W

Rahul  
Nahata

Digitally signed by Rahul Nahata  
DN: cn=Rahul Nahata, o=RANK & ASSOCIATES, ou=Chartered Accountants, email=rahul.nahata@rankandassociates.com, c=India  
Date: 2020.07.31 11:46:34 +05'30'

Rahul P. Nahata  
(Partner)  
Membership No. 116511

Mumbai, 31st July, 2020



*Ketan M. Shroff*

KETAN  
MADHUSUDAN  
SHROFF

Ketan M. Shroff  
(Chairman & Managing Director)  
(DIN: 00332988)





**Significant Accounting Policies for the period ended on 31<sup>st</sup> March, 2020**

(A to P...)

**A. Basis of preparation of Financial Statements:**

- (a) Basis of Preparation – These financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and other accounting principles generally accepted in India, to the extent applicable.
- (b) Use of Estimates – The preparation of the financial statements entail the management to make certain estimates and assumptions that affect the facts and figures reported. Disparities between actual result and estimates are recognised in the period in which they materialise.
- (c) Method of Accounting – The Company generally follows the accrual method of accounting subject to the extent of determinability of accruals and keeping the materiality concept in view. All assets and liabilities are classified into current and non-current, based on the criteria of realisation or settlement within twelve months period from the balance sheet date.

**B. Revenue Recognition:**

- (a) Revenue is recognized net of GST and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.
- (b) Interest on fixed deposits with bank is accounted on accrual basis. Revenue is generally recognised on accrual basis.

**C. Fixed Assets and Depreciation:**

- (a) The fixed assets are shown at their cost of acquisition including any attributable costs. None of the fixed assets have been revalued during the period.
- (b) The management has physically verified the fixed assets during the period and no material discrepancies have been noticed on such verification.
- (c) Depreciation is provided on pro-rata basis on the period of usage of the assets. Depreciation is provided on written down value basis at the rates prescribed under Schedule II to the Companies Act, 2013.
- (d) In accordance with AS 28, where there is an indication of impairment of the Company's asset the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets is estimated, as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.



Impairment loss is recognized in the profit and loss account or against revaluation surplus where applicable.

- (e) Obsolete assets available for disposal are removed from the fixed assets register and appropriate amount is provided for realizable scrap

**D. Investments:**

- (a) Current investments are valued at the lower of cost and fair value as at the Balance Sheet date.
- (b) Non-Current investments are carried at cost. However, when there is a decline, other than temporary, in the value of the long-term investment, the carrying amount is reduced to recognize the decline.

**E. Inventories:**

- (a) The closing inventories of raw materials are valued at lower of cost (inclusive of all costs attributable) and net realisable value on FIFO basis. Raw materials held for use in the production of finished goods are not written down below cost in cases where the finished goods are expected to be sold at or above cost.
- (b) The closing inventories of finished goods and trading goods are valued at lower of cost (inclusive of all costs attributable) and market value on FIFO basis.

**F. Retirement Benefits:**

The management is of the opinion that no provisions for employees retirement benefits are required to be made.

**G. Prior Period Items:**

The Company follows the accrual system of accounting barring the effects and outcome of the provision for expenses which is made on the basis of the materiality concept and wherever ascertainable and treatment of certain items on receipt basis, as stated earlier.

**H. Expenses:**

Certain payments like the use of mobile phones, vehicles, club memberships, subscriptions to certain agencies/institutions, travelling etc., incurred by the directors and/or family members, are being provided to the directors, as the size and nature of business necessitates the use of these facilities, and are wholly for the purpose and business of the Company. The management confirms the propriety of these expenses/payments and of the debits given to the respective account heads.

**I. Borrowing Costs:**

Generally the borrowing costs attributable to acquisition and construction of assets are capitalized as a part of the cost of such asset upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the profit and loss account.





**J. Foreign Currency Transactions:**

- (a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- (b) Monetary items denominated in foreign currencies at the end of the period are restated at the exchange rate prevailing at the end of period.
- (c) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

**K. Earnings Per Share:**

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

**L. Hedge Transactions:**

- (a) The Company in accordance with its risk management policies and procedures enters into currency option and commodity option forward contracts to manage its exposure in commodity and currency rates by way of hedging.
- (b) These contracts are for a period between one day and three months.
- (c) The commodities futures & currency futures contracts are initially valued at their transaction price and are marked to market on a daily basis. The open derivative contracts as on the balance sheet date are valued at their notional cut off prices.

**M. Impairment of Assets:**

An asset is treated as impaired when the carrying cost of an asset exceeds its realizable or recoverable value. An impairment loss (if any), is charged to the statement of profit and loss of the period in which any asset is identified as impaired. During the period none of the assets were identified by the management as impaired.

**N. Tax Expense**

- (a) Current Tax – Tax expense for the period, comprising of current tax (including MAT) and deferred tax are charged to the profits for the period. Current tax is measured at the amount expected to be paid to the revenue authorities in accordance with the prevailing tax laws. Minimum alternate tax (MAT) paid is recognised as an asset as it shall accrue future benefit in the form of a set off against current tax expense.
- (b) Deferred Tax – Pursuant to AS 22 - "Accounting for Taxes on Income", the Company computes the deferred tax arising on account of temporary timing differences between the taxable income and accounting income that originates in one period and is capable of being reversed in one or more subsequent periods.





using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. The net deferred tax liability (DTL) is charged to the profits, whereas a deferred tax asset (DTA) is recognised and carried forward only to the extent there is a reasonable certainty of future taxable profits to realize such DTA.

#### **O. Contingent Liability & Subsequent Events:**

All disputed and/or contingent liabilities are either provided for or disclosed as such, on the basis of mutual acceptances or depending on the management's perception of its potential outcome. The management has taken adequate steps to provide sufficiently for all known, anticipated or contingent liabilities. Events occurring after the balance sheet date up to the date of adoption of the financial statements, having a material bearing are considered while preparing the financial statements.

#### **P. Segment Reporting:**

The Company is primarily engaged in only segment of Gold Jewellery which comprises of studded gold Jewellery and plain gold Jewellery. This represents a primary segment. The secondary segmental reporting is on the basis of the geographical location of its customers.

**For R A N K & Associates**  
Chartered Accountants  
ICAI Firm Regn. No. 05589W

Rahul  
Nahata

Rahul P. Nahata  
(Partner)  
Membership No. 116511

Mumbai, 31<sup>st</sup> July, 2020

**On behalf of the Board of Directors of Penta Gold Limited**



KETAN  
MADHUSUDAN  
SHROFF

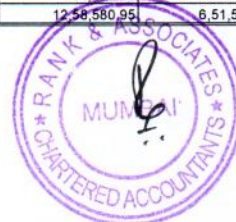
Ketan M. Shroff  
(Chairman & Managing Director)  
(DIN: 00332988)





## Notes to the Balance Sheet

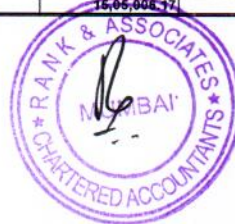
Note	Particulars	31/03/2020 (₹ 000)	31/03/2019 (₹ 000)
1.	<b>Share Capital</b>		
a.	<u>Authorised</u>		
	1,50,00,000 Equity shares of ₹ 10/- each	1,50,000.00	1,50,000.00
b.	<u>Issued, Subscribed &amp; Paid-up</u>		
	1,27,25,000 equity shares of ₹ 10/- each issued, subscribed & fully paid-up	1,27,250.00	1,27,250.00
c.	<u>Terms of Issue</u>		
	The Company has only one class of equity shares of par value ₹ 10 each. Each equity shareholder is entitled to one vote per share held, and on liquidation entitled to receive balance of net assets remaining after settlement of all debts, creditors & preferential amounts, proportionate to their respective shareholding. No dividend is proposed.		
d.	<u>Shareholding of more than 5%</u>		
i.	Ketan M. Shroff	No. of Shares 9110980 % Holding 71.60%	9110980 71.60%
e.	<u>Reconciliation of shares</u>		
i.	Equity shares at the beginning of the year	12,725.00	9,125.00
ii.	Add: Shares issued during the year	0.00	3,600.00
iii.	Equity shares outstanding at the end of the year	12,725.00	12,725.00
2.	<b>Reserves &amp; Surplus</b>		
a.	<u>Statement of Profit &amp; Loss</u>		
	Opening balance	1,14,123.23	84,269.27
	<u>Additions</u>		
	Net Profit after tax of the period	38,349.28	29,853.96
	<u>Appropriations</u>		
	Transferred to Capital Redemption Reserve for Bonus Issue	-	-
	Closing balance	1,52,472.52	1,14,123.23
b.	<u>Securities Premium Account</u>		
	Opening balance	97,200.00	-
	Additions	-	97,200.00
	<u>Appropriations</u>		
	Transferred to Capital Redemption Reserve for Bonus Issue	-	-
	Closing balance	97,200.00	97,200.00
		2,49,672.52	2,11,323.23
3.	<b>Long Term Borrowings</b>		
a.	<u>Secured</u>		
	Secured loan from Financial Institutions (refer Note 21.9) (secured against personal guarantee of the directors and mortgage of immovable property of Director)	12,170.03	-
b.	<u>Unsecured</u>		
	Unsecured loans from Banks and Financial Institutions	3,776.31	-
		15,946.34	-
4.	<b>Short Term Borrowings</b>		
a.	<u>Secured Loans Repayable on Demand</u>		
i.	Overdraft / cash credit from Banks (refer Note 21.9 & 21.10) (secured against inventories, book debts in addition to personal guarantee of the directors and mortgage of immovable property of relative of Director's)	4,83,186.33	5,11,616.23
b.	<u>Unsecured Borrowings</u>		
i.	- From related parties (refer Note 21.5)		
	Unsecured loans from directors & relatives	7,57,900.34	1,16,212.97
ii.	- From Others		
	Unsecured loans from Banks and Financial Institutions	6,086.55	23,685.15
	Unsecured loans from other corporates	11,407.74	-
	(Net-off TDS receivable from NBFC's)	12,58,580.95	6,51,514.34





**Notes to the Balance Sheet**

Note	Particulars	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
<b>5.</b>	<b>Trade Payables</b>		
a.	Trade Payables (refer Note 21.7 & 21.15)	26,86,638.18	3,37,209.67
b.	Trade advances	3,811.31	3,263.98
		<b>26,90,449.48</b>	<b>3,40,473.66</b>
<b>6.</b>	<b>Other Current Liabilities</b>		
a.	Statutory dues	860.76	1,175.58
b.	Sitting fees payable to directors	807.60	526.50
c.	Sundry creditors for expenses (refer Note 21.7)	9,012.77	9,822.57
d.	Income Tax payable (F.Y. 2018-19)	469.16	-
e.	<u>Current maturities of long term debt</u>		
i.	<u>Secured</u>		
	Secured loan from Financial Institutions (refer Note 21.9) (12 monthly installments secured against personal guarantee of the directors and mortgage of immovable property of Director)	677.52	-
ii.	<u>Unsecured</u>		
	Unsecured loans from Banks and Financial Institutions (12 monthly installments) (Net-off TDS receivable from NBFC's)	5,725.58	-
f.	Interest accrued on overdraft facility	1,878.98	-
g.	Loan installments payable to NBFC	643.90	-
h.	Others	-	449.07
		<b>20,076.27</b>	<b>11,973.72</b>
<b>7.</b>	<b>Short Term Provisions</b>		
a.	Provision for income tax [Current year] [Net of Tax Paid ₹ 2080.12] (Previous years ₹ 214.51)	11,916.71	18,580.13
b.	Provision for employee benefits	886.98	368.24
c.	Provision for other expenses	2,499.76	513.41
		<b>15,303.45</b>	<b>19,461.79</b>
<b>9.</b>	<b>Long-term loans and advances</b>		
	<u>Deposits (Unsecured, considered good)</u>		
a.	With government bodies	-	-
b.	Others	201.00	581.00
		<b>201.00</b>	<b>581.00</b>
<b>10.</b>	<b>Inventories</b> (certified by management) (also refer Note 21.9 & 21.14)		
a.	<u>Jewellery</u>		
i.	Raw material	5,41,302.29	6,69,465.35
ii.	Stock in process	4,48,288.95	78,716.97
iii.	Finished goods	16,45,610.30	18,500.30
b.	<u>Bullion</u>		
i.	Gold Bullion	66,742.50	-
		<b>27,01,944.04</b>	<b>7,66,682.63</b>
<b>11.</b>	<b>Trade Receivables</b> (unsecured, considered good) (refer note 21.16)		
a.	Outstanding for less than six months	14,83,702.04	3,85,837.18
b.	Outstanding for more than six months	21,304.13	13,611.62
		<b>15,05,006.17</b>	<b>3,99,448.80</b>





**Notes to the Balance Sheet**

Note	Particulars	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
12.	<b>Cash &amp; Cash Equivalents (certified by the management)</b>		
	<b>Cash &amp; Cash Equivalents (refer Note 21.12)</b>		
a.	Balances with banks in current account	2,552.16	20,264.59
b.	Cash on hand	50.70	429.17
	<b>Other Bank balances (refer 21.9 &amp; 21.12)</b>		
a.	Fixed deposits with Axis Bank Ltd. (these deposits are under lien against bank OD/CC facilities/Gold Metal Loan/FCDL)	5,445.71	5,110.32
b.	Fixed deposits with ICICI bank (held as Security Deposit against Credit facility)	-	1,20,402.74
c.	Fixed Deposits with State Bank of India (held as margin money & security deposit against Credit Facility)	41,181.64	18,874.59
d.	Fixed Deposits with Bank of Bahrain & Kuwait (held as Security Deposit against Credit facility)	95,332.42	-
	Note : Above Fixed Deposit amount includes interest accrued till 31st March, 2020.	1,44,562.62	1,65,081.42
13.	<b>Short Term Loans &amp; Advances</b>		
	<b>Unsecured, considered good</b>		
a.	Advances to suppliers & others	4,200.67	5,091.95
b.	With government bodies (refer note 21.12)	4,833.66	10,045.05
c.	Advance for Subsidiary formation (refer note 21.18)	694.86	-
		9,729.19	15,137.00
14.	<b>Other Current Assets (Unsecured, considered good)</b>		
a.	Membership	135.00	135.00
b.	Prepaid Expenses	593.72	4,848.06
c.	Unutilised GST Credit	6,961.33	-
d.	Deposit with Stock Exchange	25.00	1,357.00
e.	CST Deposits	10.00	10.00
f.	Others	249.99	-
		7,975.04	6,350.06



**Notes to the Statement of Profit & Loss**

Note	Particulars	31/03/2020 ( ₹'000 )	31/03/2019 ( ₹'000 )
<b>15.</b>	<b>Revenue From Operations</b>		
	<u>Sale of products</u>		
a.	Jewellery		
	- Domestic Sales (Net)	7,68,471.38	27,52,807.96
	- Exports Sales	34,98,519.46	9,07,248.76
		42,66,990.84	36,60,056.71
b.	Bullion	13,02,267.60	11,046.00
		<b>55,69,258.44</b>	<b>36,71,102.71</b>
<b>16.</b>	<b>Other Income</b>		
a.	Interest on Bank Deposits	20,900.29	2,145.06
b.	Interest on VAT Refund	192.43	-
c.	Profit on hedge (refer Note 21.11)	-	1,796.22
d.	Foreign Exchange Fluctuation Gain/(Loss) (refer Note 21.10)	95,995.73	22,030.13
e.	Duty Drawback	127.69	1,184.11
f.	Others	51.57	7.89
		<b>1,17,267.70</b>	<b>27,163.40</b>
<b>17.</b>	<b>Cost of Material Consumed</b>		
a.	Purchases (Incl. Import duty)	74,11,273.15	38,32,605.27
b.	Making /Job Work Charges	42,234.66	53,960.17
c.	Import / Export Expenses	4,299.78	2,228.13
		<b>74,57,807.59</b>	<b>38,88,793.57</b>
<b>18.</b>	<b>Changes in Inventories (Verified &amp; Certified by Management)</b>		
a.	<u>Jewellery</u>		
	<u>Inventories at the end of the year (refer note 21.14)</u>		
i.	Raw materials	5,41,302.29	6,69,465.35
ii.	Stock in process	4,48,288.95	78,716.97
iii.	Finished goods	16,45,610.30	18,500.30
		26,35,201.54	7,66,682.63
	<u>Inventories at the begin of the year</u>		
i.	Raw materials	6,69,465.35	74,813.24
ii.	Stock in process	78,716.97	3,02,186.64
iii.	Finished goods	18,500.30	85,090.97
		7,66,682.63	4,62,090.85
	Net increase (-) / decrease in inventories (A)	(18,68,518.92)	(3,04,591.78)
b.	<u>Bullion</u>		
i.	Inventories at the end of the year	66,742.50	-
ii.	Inventories at the begin of the year	-	-
	Net increase (-) / decrease in inventories (B)	(66,742.50)	-
	<b>Total Net increase (-) / decrease in inventories (A+B)</b>	<b>(19,35,261.42)</b>	<b>(3,04,591.78)</b>
<b>19.</b>	<b>Employee Benefits Expense</b>		
a.	Salaries & Welfare	2,169.26	2,296.88
b.	Directors Remuneration (Incl. Sitting fees) (refer note 21.5)	3,031.00	2,853.00
		<b>5,200.26</b>	<b>5,149.88</b>
<b>20.</b>	<b>Finance cost</b>		
a.	Interest expenses (Net off subvention interest received)	64,077.88	44,900.91
b.	Other Borrowing costs	8,011.58	5,415.41
		<b>72,089.46</b>	<b>50,316.33</b>





## Notes to the Statement of Profit & Loss

Note	Particulars	31/03/2020 (₹'000)	31/03/2019 (₹'000)
21.	Other Expenses		
a.	Audit Fees (refer note 21.8)	585.00	535.00
b.	Bank charges	1,848.35	1,007.44
c.	Bad Debts (refer note 21.16)	17,143.09	-
e.	Discount Given	436.86	-
f.	Electricity Charges	242.95	161.03
g.	Insurance Expenses	256.10	292.47
h.	Interest & Late Filing Fees	351.45	296.34
j.	Legal & Professional Charges	1,068.97	2,326.58
k.	Loss on Hedge (refer Note 21.11)	10,075.50	-
l.	Membership & Subscriptions	65.00	77.00
m.	Miscellaneous Expenses	231.66	118.32
n.	Office Expenses	132.80	4.43
o.	Printing & Stationery	19.70	18.00
p.	Public Issue Related Expenses	-	2,826.48
q.	Rent	2,100.00	305.00
r.	Repairs & Maintenance Charges	22.63	0.55
s.	Telephone Charges	71.84	105.68
t.	Travelling Expenses	713.55	60.11
		35,365.44	8,134.43



**Note 8 - Fixed Assets**

(₹ 000)

Sn	Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block		
		As At 01-04-2019	Additions during the Period	Deductions during the Period	As At 31-03-2020	Upto 01-04-2019	For the Period	Deductions during the Period	As At 31-03-2020	As At 31-03-2019
	<b>Tangible Assets -</b>									
1.	Computer & Peripherals	563.17	48.09	-	611.25	548.20	16.76	-	564.95	14.97
2.	Plant & Machinery	1,231.33	-	-	1,231.33	591.02	199.78	-	790.80	640.31
3.	Office Building	14,205.00	-	-	14,205.00	6,022.26	788.46	-	6,810.72	8,182.74
	Current Period Total	15,999.49	48.09	0.00	16,047.58	7,161.48	1,004.99	-	8,166.47	8,838.01
	Previous Period Total	16,671.42	615.50	1,287.43	15,999.49	7,118.85	956.67	914.03	7,161.48	9,552.57





**Note 21 - General Notes for the period ended on 31<sup>st</sup> March, 2020**

(₹ in 000's except otherwise mentioned specifically)

**21.1 Investments:**

The company has not acquired any investments during the year.

**21.2 Prior Period Items:**

There were prior period items (net income) of ₹ 782.71 during the year. (Previous year ₹ Nil)

**21.3 Borrowing Costs:**

During the period all the assets were acquired in a ready use condition.

**21.4 Earnings Per Share:**

Disclosure pursuant to Accounting Standard (AS) 20:

SN	Particulars	31/03/2020	31/03/2019
1	Profits available for equity shareholders (Amt. in ₹)	38,349.28	2,98,53.96
2	Nominal value of equity shares	10	10
3	Weighted average no. of equity shares outstanding during the period	1,27,25,000	1,25,27,740
4	Basic EPS (Amt. in ₹)	3.01	2.38

**21.5 Related Party Transactions:**

Disclosure pursuant to AS 18:

SN	Name of the Party	Relationship	Nature of Transaction	31-03-2020 (₹)	31-03-2019 (₹)
a.	Ketan Shroff	Managing Director	Remuneration Paid	25,20.00	25,20.00
			Unsecured Loans received	7,57,900.34**	1,16,212.97**
			Sitting Fees	3.00	3.00
b.	Pinakin Shroff	Director's Brother	Remuneration Paid	362.40	360.00
c.	Dipti Shroff	Non-Executive Director	Sitting Fees	133.00	108.00
d.	Dilip Patodia	Independent Director	Sitting Fees	185.00	111.00
e.	Anand Chaturvedi	Independent Director	Sitting Fees	185.00	111.00
f.	Ashid Sayyed	Non-Executive Director	Sitting Fees	4.50	---

\* Outstanding closing balances unless specified otherwise.

# The said loan has been brought in pursuance of the stipulation of lending financial Institution.





**21.6 Deferred Tax Balance:**

Disclosure pursuant to AS 22:

SN	Particulars	31-03-2020 (₹)	31-03-2019 (₹)
1.	<b>Deferred Tax Asset –</b>		
	(a.) On Block of Fixed Assets	---	---
	(b.) On Other items	---	---
	<b>Sub Total (A)</b>	---	---
2.	<b>Deferred Tax Liability –</b>		
	(a.) On Block of Fixed Assets	20.17	122.18
	(b.) On Other items	---	---
	<b>Sub Total (B)</b>	---	---
	<b>Net Deferred Tax Liability / (-) Asset (B-A)</b>	<b>20.17</b>	<b>122.18</b>

Deferred Tax Charged during the year is (₹102.01) (previous year ₹ 93.04)

- 21.7** In As per the section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, ('MSMED Act') the outstanding payable to Micro, Small and Medium Enterprises as defined under the MSMED Act are required to be disclosed in the annual statement of accounts. Henceforth, the amount payable to Micro, Small and Medium Enterprises as on 31 March 2020 is ₹ 4,524.19 and out of which amount due for more than 45 days is ₹ 3,289.71. The reason of delay was due to mutual agreement between the parties with respect to terms of payment.

Further, dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**21.8 Remuneration to Auditors:**

Audit Fees Includes:

SN	Particulars	31-03-2020 (₹)	31-03-2019 (₹)
1.	Statutory Audit Fees	400.00	400.00
2.	Tax Audit Fees	100.00	100.00
	<b>Total</b>	<b>500.00</b>	<b>500.00</b>

**21.9 Secured Loans**

The total outstanding balance of all Working Capital Facilities at 31<sup>st</sup> March, 2020 amounted to ₹ 4,96,259.11 (net) from Multiple Banks and Financial Institutions as follows:





S N	Lenders	Outstanding Balance as at 31 <sup>st</sup> March, 2020	Security		
			Primary Security	Collateral Security	Guarantee
1.	Axis Bank*	₹ 2,25,820.08	Hypothecation, by way of charge on entire current assets of the company, including stock & book debt (present & future), stocks in transit and also stocks under process with various job workers on paripassu basis	Immovable Properties owned by Director & Fixed Deposit of ₹ 43 Lakhs	Personal guarantee of the Director Mr. Ketan Shroff
2	State Bank of India	₹ 80,122.70	Hypothecation, by way of charge on entire current assets of the company, including stock & book debt (present & future), stocks in transit and also stocks under process with various job workers on paripassu basis	Immovable Property owned by Relative of Director & Fixed Deposit of ₹ 2 Crores	Personal guarantee of the Director Mr. Ketan Shroff & Relative of Director Mrs Sulochana Shroff
3	Karur Vysya Bank	₹ 79,650.56	Hypothecation, by way of charge on entire current assets of the company, including stock & book debt (present & future), stocks in transit and also stocks under process with various job workers on paripassu basis	Immovable Property owned by Director and Corporate office of the Company.	Personal guarantee of the Director Mr. Ketan Shroff
4	Shriram Housing Finance	₹13,072.77	Immovable Property owned by Director		Personal guarantee of the Director Mr. Ketan Shroff, Director Mr. Ashid Hammeed Sayyed & Relative of Director Mrs Dipti Shroff





5	ICICI Bank#	₹ 7,251.93	NIL	NIL	NIL
6	Bank of Bahrain & Kuwait@	₹ 90,341.07	NIL	Exclusive Lien on Fixed Deposits value INR 9.9 crores of director Mr. Ketan Shroff	NIL
The above facilities carry interest ranging from 7% to 14.5% per annum.					
*Includes accumulated currency fluctuation of ₹ 24739.01 on FCDL outstanding as at 31-03-2020 & ₹ 583.03/- towards Interest accrued for the month of March'2020.					
#The said facility has been cancelled on 06 <sup>th</sup> March 2020 duly maturing all the FDs lien due to non-compliance with terms & conditions with credit arrangement letter. Accordingly, all the requisite provisions for Interest, Cancellation of Forward Contracts & other charges has been duly made for the year ended March 2020 and the said outstanding balance is due after realizing all collateral FDs worth ₹ 24 crores.					
@The said facility has been cancelled on 12 <sup>th</sup> April 2020 duly maturing all the FDs lien due to non-agreement with the terms of repayment accordingly all the requisite provisions as subsequent event for Interest, cancellation of Forward Contracts & Other charges has been duly made for the year ended 31 <sup>st</sup> March 2020.					
Note: Except stated above Loan of ₹9.88 crores was sanctioned by ICICI bank in February 2020 with exclusive lien of FD worth ₹10.4 crores owned by director Mr. Ketan Shroff which was later on cancelled on 06 <sup>th</sup> March 2020 due to non-compliance with terms & conditions with credit arrangement letter.					

#### 21.10 Foreign Currency Transactions:

- During the period the company has recognized net foreign exchange gain of ₹ 95,995.73/- (previous year ₹ 2,20,30.13/- )
- Total Short-Term Borrowings includes Foreign Currency loan facility of USD 21,29,933.6 (Including accrued Interest) which is restated at the exchange rate prevailing at the end of period.

#### 21.11 Hedge Transactions:

- During the period the Company has recognized net loss of ₹ 10,075.50/- (previous year net gain of ₹ 17,96.22/-) on hedge transactions.
- All the forward contracts were matured/cancelled before 31<sup>st</sup> March 2020 making entire net foreign currency exposure of USD 37,14,076 Payable & EURO 38,54,681 receivable as unhedged on 31<sup>st</sup> March 2020.





**21.12 Contingent Liability:**

Name of Statute	Nature of dues	Amount of Dispute (31/03/20)	Amount of Dispute (31/3/19)	Amount Deposited up to the date of Approval of Accounts	Period to which it relates	Forum where dispute is Pending
Income Tax Act, 1961	Income Tax	₹ 13065.48	₹ 13065.48	₹ 2613.10*	FY 2013-14	Commissioner of Income Tax (Appeals).
Customs Act, 1962	Penalty under Customs	₹ 1700.00#	₹ 1700.00	---	FY 2013-14	Customs Excise and Service Tax Appellate Tribunal & BOI Bullion Branch
Customs Act, 1962	Custom Duty	₹ 14500.000@	₹ 14500.000	---	FY 2013-14	SBI, Bullion Branch
Customs Act, 1962	Basic Custom Duty & IGST	₹ 2,75,000.00 ^	---	---	FY 2019-20	Chief Commissioner of Customs
*20% of Total Demand as per CBDT Instruction has been deposited in protest						
#The said amount has been held as Margin Money by Bank of India against Current Account						
@ The said amount has been held as Margin Money by State Bank of India against Fixed Deposits						
^Also Refer Note 21.13						

**21.13 Delay in Export Obligation:**

The company has Imported 493 kg raw gold against Advance Authorization No 0310827863 dated 22.03.2019 without payment of custom duty with obligation to process and export the Jewellery to overseas customers

Amongst above the company has utilized 335.413 kg raw gold & exported to the overseas customers within permissible time however for remaining 157.587 kg raw gold the company was unable to fulfill the obligation within permissible time due to social unrest between Hong Kong and China, the overseas purchasers at Hongkong of the gold Jewellery were unable to make payments against the Jewellery received by them already exported and requested for time to make the payments, duties forgone in the form of Basic Custom Duty & IGST for pending obligation of 157.587 kg is ₹ 63,117.99

The company on 15<sup>th</sup> October 2019 made Application with the Policy Relaxation Committee of DGFT seeking extension of time & Due to the above delay in fulfilling Export Obligation Investigation was carried out by Department of Revenue Intelligence





on 26<sup>th</sup> February 2020 & during the Investigation Gold Jewellery weighing 7.77 kg was seized by the authorities vide seizure memo dated 27<sup>th</sup> February 2020

The above matter is pending before Chief Commissioner of Customs, Mumbai

#### **Pending Export Obligation**

Except for the matter stated above The company have also Imported 971 Kg raw gold of under Advance Authorisation No 0310829459 ('AA1') dated 06/06/2019 & 177 Kg raw gold under Advance Authorisation No 0310834026('AA2') dated 09/01/2020 against which the company has utilized 531.43 kg for AA1 and 15.78 Kg for AA2 respectively & exported to the overseas customers within permissible time However remaining 439.57 for AA1 & 161.22 kg gold for AA2 respectively has still not been exported and obligation for both the abovementioned authorizations has not been expired as on date referring the relaxation provided by DGFT vide Notification No 67/2015-20 dated 31st March 2020.

Purchase orders in hand are largely affected due to social unrest in Hongkong (which is the major market of company) & coronavirus pandemic affecting the said country at large, The management is trying to regularize the export.

#### **21.14 Inventory:**

The inventory comprising of raw material and finished goods is physically verified by the management at regular intervals and as at the end of the year. In respect of stock lying with third parties as at the year-end written confirmations has been obtained by the management. The quantity and valuation inventory at the yearend has been certified by the management.

Amongst the entire stock worth ₹.270.2 crores as on 31st March 2020, Inventories worth ₹.260.9 crores were stored with Third party to mitigate safety risk since repair works were carried out at Factory premises and there was no proper storage facility available ensuring utmost safety.

Inventories costing ₹ 2.56 crores was seized by DRI authorities as explained in note 21.13

#### **21.15 Delay in Payments of Foreign Currency against Imports:**

Trade Payables as at 31<sup>st</sup> March 2020 inter alia, includes outstanding from Import Suppliers aggregating to ₹. 4,41,791.53 (USD 58,60,400) which has been outstanding for more than permissible limits for which the company is in process of filing application to authorized dealer / Reserve Bank of India

#### **21.16 Self Write off of Exports:**

The company has self-written off ₹.17089.19 (USD 226690) outstanding from long period, company is in process of intimating authorized dealer / Reserve Bank of India





**21.17 Segment Information:**
**(a) Business segments**

The management is of the opinion that the Company is primarily engaged in only one business segment of Gold Jewellery, hence there is no variation in risk and rates of return arising from one or more segments.

**(b) Geographical segments**

The customer base of the Company is spread across India as well as in overseas hence the management of the Company has recognized its secondary segmental reporting on the basis of the geographical location of its customer

Period Ended 31 <sup>st</sup> March, 2020	India	Overseas	Total
<b>Revenue*</b>			
Sales to External Customers	20,70,738.98	34,98,519.46	55,69,258.44
<b>Other Segment information</b>			
Segment assets #	18,809.08	14,86,197.09	15,05,006.17
Period Ended 31 <sup>st</sup> March, 2019	India	Overseas	Total
<b>Revenue*</b>			
Sales to External Customers	27,63,853.96	9,07,248.76	36,71,102.71
<b>Other Segment information</b>			
Segment assets #	68,119.97	3,31,328.83	3,99,448.80

\*denotes Net of Excise Duty; #denotes trade receivables.

Note: The assets of the Company other than trade receivables for domestic as well as overseas customers are common. Hence, the amounts of fixed and other assets shall be allocated to India only.

**21.18 Incorporation of Wholly Owned Subsidiary:**

The company has incorporated a wholly owned subsidiary in the name of Penta Overseas FZ-LLC in UAE under Ras Al Khaimah Economic Zone Authority on 20<sup>th</sup> January 2020 remitting advance money of ₹ 694.86 to meet preliminary formation expenses. The company has minimum Capital Contribution Obligation of 100000 AED which is yet to be remitted and the company is in process of getting approval for Overseas Direct Investment with Authorised dealer / Reserve Bank of India.

**21.19 Additional Information:**

Additional information to the extent not already reported elsewhere, are specified below

SN	Particulars	31/03/2020	31/03/2019
1	Expenditure in Foreign Exchange	---	---
2	Value of Imports on CIF basis in respect of stock in trade	₹ 53,79,579.62 US \$ 7,51,39,465.00 GBP £ 70,715.00	₹ 12,30,663.38 US \$ 1,71,29,857.64 GBP £ 72,191.50
3	Other remittances in foreign exchange	---	---
4	Consumption of imported materials	---	---
5	Earnings in foreign exchange (FOB Value of exports)	₹ 34,96,767.06 US \$ 28,28,078.11 € 6,69,181.87	₹ 9,05,795.61 US \$ 1,29,68,854.06 € NIL
6	Amounts set aside/withdrawn from any specific or non-specific reserves	---	---





- 21.20** The Company has elected to exercise the option permitted under 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Company has recognized provision for income-tax basis the revised rates resulting in a reduction in current tax expense. The Company has also re-measured its deferred tax liability on the basis of reduced rate.
- 21.21** The outbreak of Coronavirus (COVID-19) is causing significant disturbance and slowdown of economic activity in India and across the globe. The Company has evaluated the impact of this pandemic in its business operations. The company's Manufacturing Unit has been remained shut during the lockdown period which has Impacted it's operation further Majority of company's pending orders are being kept on hold by company's overseas customers as they are also going through the same situation due to coronavirus outbreak in their respective countries like Dubai & Hongkong. The Company will continue to closely monitor any material changes arising from future economic condition and Impact on it's Business
- 21.22** Previous year figures are regrouped, recast and reclassified wherever necessary. Figures in brackets are pertaining to previous year.

**For R A N K & Associates**  
Chartered Accountants  
ICAI Firm Regn. No. 05589W

Rahul  
Nahata

Rahul P. Nahata  
(Partner)  
Membership No. 116511

Mumbai, 31<sup>st</sup> July, 2020

**On behalf of the Board of Directors of Penta Gold Limited**

KETAN MADHUSUDAN  
SHROFF

Ketan M. Shroff  
(Chairman & Managing Director)  
(DIN: 00332988)

