



EVEREST ORGANICS LIMITED

CIN : L24230TG1993PLC015426

Corporate Office : # 1st Floor, Lakeview Plaza, Plot No.127 & 128, Amar Co-operative Society, Opp. Madhapur Police Station Road, Near Durgam Cheruvu, Madhapur, Hyderabad - 500 033.
Tel : 040-23115956, 40040783, Fax : 91-40-23115954
Grams : "Veerat", E-mail : srihari_everest@rediffmail.com / srihari_everest1@rediffmail.com

Ref: EOL/SEC/COMP/034/2019-20

To
Department of Corporate Services
Bombay Stock Exchange Limited
P. J. Towers, Dalal Street,
Mumbai – 400001
Maharashtra, India

Date: 16.08.2019

Dear Sir,

Sub: Notice of 26th Annual General Meeting (AGM) and Annual Report for the Financial Year 2018-19.

Scrip Code: 524790

In compliance with Regulation 34(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed copy of Annual Report of the Company for the financial year 2018-19, together with Notice convening the 26th Annual General Meeting to be held on Tuesday, September 10, 2019, at 03:00 p.m. at the registered office of the Company situated at Aroor Village, Sadasivpet Mandal, Sangareddy (Medak) District, Telangana – 502 291. The same will also be hosted on the website of the Company at <http://everestorganicsltd.com/financial-reports.htm>.

Kindly take the above information on record.

Thanking You.

Yours sincerely,
For Everest Organics Limited

Rekha Singh
Company Secretary



Encl: As above.



Regd. Office & Factory : Aroor Village, Sadasivpet Mandal, Sangareddy Dist.- 502291. (T.S.)
Tel. : 08455 - 250084, 250113/14/15, Fax : 91-08455-250114,
Website : www.everestorganicsltd.com



EVEREST ORGANICS LIMITED



26th ANNUAL REPORT
2018-19



Dr. Srihariraju, Managing Director, Everest Organics Limited receiving India's Most Trusted API & Intermediaries Manufacturing Company Award, 2019.



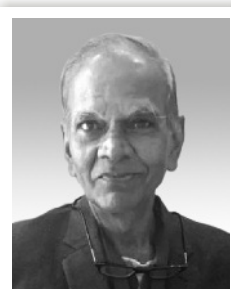


Letter from the Managing Director

Dear Shareholders,

I am pleased to present to you Everest's FY 2019 Annual Report.

It was a year of significant achievements for Everest. On the revenue side, your Company has witnessed an impressive growth and I am happy to share that we closed the year on a very strong note. Apart from the operating performance, we also made meaningful progress on our strategic plan on both complex generics and speciality. Other than improving the base business across these markets, we launched several new products like Ilaprazole, Rivoraxavan, and Febuxostat and scaled up in new geographies like China, Vietnam, Middle East and other developed geographic.



In response to the changing conditions in this key market especially Chinese market, the company's Active pharmaceutical Ingredients and Intermediaries manufacturing business has seen a greater traction. In FY 2019, revenues from API's grew by 38.56% over FY 2018. The strategy of building sustainable and growing API revenues involves deeper customer relationships, new product portfolio and ramping up of base businesses in key geographies.

It has been remarkable success story of growth, with investment in right places especially in upgrading pollution control your company has successfully achieve not only higher top line and eventually converted them to sustainable bottom-line. With strict norms in China regarding polluting industry and overall business environment between US-China, your company is strongly placed to reap maximum benefit from the same.

For the first time in the history of Everest Organics the company has declared maiden dividend of 10% to its shareholder there by sharing the wealth in a small way. Let me assure you that this is just a beginning and I am quite confident that we shall be in even better position to create much larger shareholders value in near future.

While there were many successes throughout the course of FY 2019, we had our share of challenges, particularly, on the compliance front. We have initiated and made significant progress on our remediation and enhancement plan and are committed to sustainable compliance in our site, and as an organisation this is one of our biggest priorities.

Given your company's significantly improved performance in FY 2019, the success in improving operational efficiencies and our determination to drive growth, we are reasonably optimistic of the prospects for FY 2020

I would like to express my heartfelt appreciation to our management team, all employees, partners, bankers and wider stakeholder community for their support. I am confident that Everest Organics will scale newer heights of performance and excellence this year.

With best regards,

Dr. Srikakarlal Srikari Raju
Managing Director

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Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode. In accordance with circulars issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and in respect of physical holdings with the Company.

**CORPORATE INFORMATION****BOARD OF DIRECTORS****Dr. S. K. Srihari Raju**

Mr. S. K. Harikrishna
Mr. K. Ramakrishnam Raju
Mr. V. Swaminathan
Mr. Sreeramakrishna Grandhi
Mr. Akella Parvatisem
Dr. K. Easwer Reddy

Mr. Raju S Kakarlapudi
Dr. S. K. Sirisha

Managing Director

Whole-time Director
Chairman (Ind. Director)
Independent Director
Independent Director
Technical Director
Non-Executive Director
(upto 29-09-2018)
Non-Executive Director
Non-Executive Director

CIN: L24230TG1993PLC015426**CORPORATE OFFICE**

Plot No.127 & 128, 1st Floor,
Amar Co-OP. Society.
Opp. Madhapur Police Station Road,
Near Durgam Cheruvu, Madhapur,
Hyderabad - 500 033.
Telephone: 040-23115956,
Facsimile: 040-23115954
Email id : drsksraju@gmail.com
Website: www.everestorganicsltd.com

Board Committees:**Audit Committee**

Mr. Sreeramakrishna Grandhi
Mr. K. Ramakrishnam Raju
Mr. V. Swaminathan
Mr. Akella Parvatisem

Nomination & Remuneration Committee

Mr. K. Ramakrishnam Raju
Mr. V. Swaminathan
Mr. Sreeramakrishna Grandhi

Stakeholders Relationship Committee

Mr. S. K. Harikrishna
Mr. V. Swaminathan
Mr. Akella Parvatisem

Company Secretary & Compliance Officer

Ms. Rekha Singh (w.e.f. 01-10-2018)

Chief Financial Officer

Mr. P. Ramakrishna

Secretarial Auditor

D. Hanumanta Raju & Co.
Company Secretaries,
B-13, F-1, P.S. Nagar, Vijayanagar Colony,
Hyderabad - 500057

BANKERS

Kotak Mahindra Bank
State Bank of India
UCO Bank
Indusind Bank

Registered Office & Factory Address

Aroor Village, Sadasivpet Mandal
Sanga Reddy (Medak) District,
Telangana 502 291
Telephone: 08455 -250113
Facsimile: 08455 -250114
Email Id : drsksraju@gmail.com
Website: www.everestorganicsltd.com

Statutory Auditors

M/s. Suryam & Co.
Chartered Accountants, Hyderabad
Plot 350, Phase 1, Saket, ECIL Post,
Kapra, Hyderabad - 500062

Internal Auditor

M/s. Harikrishna & Associates
Chartered Accountant, Hyderabad

Cost Auditor

M/s. P.K.R & Associates LLP
Cost Accountants, Hyderabad
Plot No. 404, HMT Hills, Near
Ramalayam Temple, Kukatpally,
Hyderabad - 500085

Registrar & Share Transfer Agent

M/s. Venture Capital and Corporate
Investments Pvt. Ltd.
12-10-167, Bharat Nagar,
Hyderabad 500 018.
Telephone : 040-23818475, 476
Facsimile: 040-23868024
Email id : info@vccilindia.com

Listing

Bombay Stock Exchange Limited (BSE),
Mumbai

**NOTICE****NOTICE**

Notice is hereby given that the 26th Annual General Meeting (AGM) of the members of **Everest Organics Limited** (CIN: L24230TG1993PLC015426) will be held on Tuesday, the 10th day of September, 2019 at 03:00 p.m. at the registered office of the Company located at Aroor Village, Sadasivpet Mandal, Sanga Reddy (Medak) District, Telangana – 502291, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at March 31, 2019, Statement of Profit and Loss for the year ended on that date along with Cash Flow Statement and notes forming part of accounts, together with the Reports of the Board of Directors and the Auditor's Report thereon.
2. To declare dividend on the equity shares for the financial year 2018-19.
3. To re-appoint Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) who retires by rotation, and being eligible offers himself for re-appointment.
4. To re-appoint Dr. Srikakarlalapati Sirisha (DIN: 06921012), who retires by rotation, and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

5. **Re-appointment and revision of remuneration payable to Mr. Srikakarlalapati Harikrishna (DIN: 01664260) as Whole-time Director of the Company:**

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 along with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (including any statutory modification(s) and re-enactment(s) thereof for the time being in force), and subject to such other approvals and permissions as may be required, the consent and approval of the Company be and is hereby accorded to re-appoint and for revision of remuneration payable to Mr. Srikakarlalapati Harikrishna (DIN: 01664260) as the Whole-time Director of the Company for a further period of 3 (Three) years commencing from August 28, 2019 to August 27, 2022, who is liable to retire by rotation on the following terms and conditions;

Salary & Perquisites;

1. Basic Salary of Rs. 12 lakhs per annum or 1 percent of the Net Profit (Profit after tax) of the Company whichever is higher with effect from January 01, 2019 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
2. Eligible for incidental expenses of Rs. 3 Lakhs per annum subject to his performance evaluation.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter or modify the remuneration, terms and conditions, to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall ceiling specified in the Companies Act, 2013 and as may be agreed between the Board of Directors and Mr. Srikakarlalapati Harikrishna.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the remuneration will be paid as a Minimum Remuneration to Mr. Srikakarlalapati Harikrishna, subject to the provisions of Section II of Schedule V of the Companies Act, 2013.

**NOTICE**

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to file necessary forms with the Registrar of Companies and to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

6. Re-appointment of Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) as an Independent Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014 and Regulation 17(1A) and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) who was appointed as an Independent Director of the Company for a period of four years at the 22nd Annual General Meeting, by the shareholders of the Company, to hold office upto 28.09.2019, be and is hereby re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years, to hold office from 28.09.2019 to 27.09.2024 and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do and perform all such acts, deeds, matters and things including filings and take steps as may be deemed necessary, proper and expedient to give effect to this Resolution and matters incidental thereto."

7. Re-appointment of Mr. Sreeramakrishna Grandhi (DIN: 06921031) as Independent Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rule, 2014 and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended from time to time (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Sreeramakrishna Grandhi (DIN: 06921031), who was appointed as an Independent Director of the Company for a period of four years at the 22nd Annual General Meeting, by the shareholders of the Company, to hold office upto 28.09.2019, be and is hereby re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years, to hold office from 28.09.2019 to 27.09.2024 and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things including filings and take steps as may be deemed necessary, proper and expedient to give effect to this Resolution and matters incidental thereto."

8. Re-appointment of Mr. Swaminathan Venkatesan (DIN: 02810646) as Independent Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment

**NOTICE**

and Qualification of Directors) Rule, 2014 and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 as amended from time to time (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. Swaminathan Venkatesan (DIN: 02810646) who was appointed as an Independent Director of the Company for a period of four years at the 22nd Annual General Meeting, by the shareholders of the Company, to hold office upto 28.09.2019, be and is hereby re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years, to hold office from 28.09.2019 to 27.09.2024 and shall not be liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and perform all such acts, deeds, matters and things including filings and take steps as may be deemed necessary, proper and expedient to give effect to this Resolution and matters incidental thereto."

9. Approval for continuation of Directorship of Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) as a Non-Executive Director of the Company:

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

"RESOLVED THAT pursuant to Regulation 17(1A) and other applicable regulations of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to be effective from April 1, 2019 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the members be and hereby accorded for continuation of Directorship of Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) as Non-Executive Director of the Company in the capacity of Independent/ non independent category.

10. Revision of remuneration payable to Dr. Srikakarlapudi Srihari Raju (DIN:01593620), Managing Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Article of Association of the Company and subject to such other approvals as may be necessary and pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for the revision in the remuneration payable to Dr. Srikakarlapudi Srihari Raju (DIN: 01593620), Managing Director of the Company on following terms and conditions effective from January 1, 2019 for a period of 3 (three) years:

Salary & Perquisites:

1. Basic Salary of Rs. 44 lakhs to 48 lakhs to 50 lakhs per annum (inclusive of all allowances) for a period of 3 (three) calendar years 2019, 2020 and 2021.
2. Eligible for chauffeur driven car not more than Rs. 40 lakhs.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter or modify the remuneration, terms and conditions, to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall ceiling specified in the Companies Act, 2013 and as may be agreed between the Board of Directors and Dr. Srikakarlapudi Srihari Raju.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the remuneration will be paid as a Minimum Remuneration to Dr. Srikakarlapudi

**NOTICE**

Srihari Raju, subject to the provisions of Section II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to file necessary forms with the Registrar of Companies and to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

11. Revision of remuneration payable to Mr. Akella Parvathisem (DIN:00910224), Technical Director of the Company:

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

"RESOLVED THAT pursuant to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Article of Association of the Company and subject to such other approvals as may be necessary and pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee, approval of the Company be and is hereby accorded for the revision in the remuneration payable to Mr. Akella Parvathisem (DIN: 00910224), Technical Director of the Company on following terms and conditions effective from January 1, 2019 for a period of 3 (three) years:

Salary & Perquisites:

1. Basic Salary of Rs. 44 lakhs to 48 lakhs to 50 lakhs per annum (inclusive of all allowances) for a period of 3 (three) calendar years 2019, 2020 and 2021.
2. Eligible for chauffeur driven car not more than Rs. 20 lakhs.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to vary, alter or modify the remuneration, terms and conditions, to the extent recommended by the Nomination and Remuneration Committee, from time to time as may be considered appropriate, subject to the overall ceiling specified in the Companies Act, 2013 and as may be agreed between the Board of Directors and Mr. Akella Parvathisem.

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year during his tenure of office, the remuneration will be paid as a Minimum Remuneration to Mr. Akella Parvathisem, subject to the provisions of Section II of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to file necessary forms with the Registrar of Companies and to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient, to give effect to the aforesaid resolution."

12. Approval of revision of commission payable to Dr. Sri Kakarlapudi Sirisha, (DIN : 06921012) Non Executive Director:

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

"RESOLVED THAT pursuant to Section 188, 197, 198, and all other applicable provisions, if any, of the Companies Act, 2013, read with the Listing Regulations and the Articles of Association of the Company and pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee approval of the Company be and is hereby accorded that in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors of the Company, Dr. Srikakarlappudi Sirisha shall be paid such commission as the Board of Directors may determine from time to time, which shall not exceed 1 percent of the Net Profit (Profit after tax) of the Company in any year (computed in a manner provided in Section 198 of the Companies Act, 2013) or Rs. 12,00,000 (Rupees Twelve lakhs only) per annum whichever is higher. She is also eligible for incidental expenses of Rs. 3 Lakhs per annum subject to her overall performance with effect from

**NOTICE**

January 01, 2019.”

13. Ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2020:

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any modifications or re-enactment thereof for the time being in force), pursuant to the recommendation of the Audit Committee M/s. PKR & Associates, LLP, Cost Accountants (Firm Registration Number AAB7156), Hyderabad, was appointed as the Cost Auditor by the Board of Directors, to conduct the audit of Cost Records maintained by the Company, pertaining to the Pharma Manufacturing Unit, located at Sanga Reddy (Medak) District, Telangana for the year ending March 31, 2020, be paid a remuneration of Rs. 1,80,000/- (Rupees One Lakh Eighty Thousand only) per annum plus out of pocket expenses and applicable taxes thereon, be and is hereby approved and ratified.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution.”

Date: 30.07.2019
Place: Hyderabad

BY ORDER OF THE BOARD
For Everest Organics Limited

Sd/-
Rekha Singh
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing the Proxy, in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.

2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from September 5, 2019 to September 10, 2019 (both days inclusive).
5. The Board of Directors of the Company at their meeting held on May 21, 2019 have recommended a dividend of Rs. 1/- per equity shares of Rs. 10/- each as final dividend for the financial year 2018-19. Dividend, if declared, at the 26th Annual General Meeting will be paid within 30 days from the date of Annual General Meeting, to those members whose names appear on the register of members of the Company as of end of the day on September 4, 2019.

**NOTICE**

6. In terms of Schedule I of the Listing Regulations, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as electronic clearance service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), direct credit, real time gross settlement (RTGS), national electronic fund transfer (NEFT), etc. for making payments like dividend etc. to the members.

Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form should send a request updating their bank details, to the Company's RTA.

7. Members holding shares in physical form are informed to furnish their bank account details to the RTA to have printed the same on the dividend warrants so as to avoid any possible fraudulent encashment/ misuse of dividend warrants by others.
8. If the shares are held in dematerialized form, members are requested to intimate all particulars of bank mandates, nominations, power of attorney, change in address, e-mail address, contact numbers etc. to their depository participants with whom they are maintaining their demat accounts. If the shares are held in physical form, members are requested to intimate such details, to the Company's Registrar and Share Transfer Agent (RTA), M/s. Venture Capital and Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana, India Tel: 040-23818475, 8476, Fax: 040-23868024, E-mail ID: info@vccilindia.com.

All communications in respect of share transfers and change in the address of the members may be communicated to them (RTA).

9. Electronic copy of the Annual Report for the financial year 2018-19 which includes Notice of 26th Annual General Meeting, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies of the Annual Report for the FY 2018-19 is being sent in the permitted mode. Members may note that the Annual Report is also available on the Company's website viz. www.everestorganicsltd.com.
10. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting. Members/proxies should also bring the attached attendance slip, duly filled and hand over at the entrance to the venue.
11. SEBI has mandated the submission of permanent account number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form should submit their PAN to the Company or its RTA.
12. The members may note that pursuant to SEBI Notification dated June 8, 2018, transfer of shares (except transmission and transposition of shares) will be in dematerialized form only. Although, the members can continue to hold shares in physical form, they are requested to consider dematerializing the shares held by them in the Company.
13. Register of Directors and Key Managerial Personnel and their shareholding maintained under Sections 170 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Sections 189 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
14. All documents referred to in the accompanying Notice will be available for inspection by the members at the registered office of the Company on all working days, between 11:00 A.M to 1:00 P.M. up to date of 26th Annual General Meeting of the Company.

**NOTICE**

15. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent/ Company.
16. Members who hold shares in physical mode desirous of making nomination are advised to submit Nomination Form (SH-13) to the Share Transfer Agent/ Company in respect of their shareholding in the Company. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility. Members holding shares in dematerialized form may contact their respective depository participants(s) for availing the nomination facility as provided under Section 72 of the Act.
17. Brief profile of Directors proposed to be appointed/re-appointed along with such other details as stipulated under Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended, and Secretarial Standards on General Meetings (SS-2) are provided as an Annexure to this Notice.
18. The route map showing directions to reach the venue of the 26th Annual General Meeting is given at the end of the notice.
19. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
20. Members desiring to obtain any information concerning accounts and operations of the Company may send their request for the same at least one week before the date of meeting. So that the requisite information will be made available at the meeting.

21. Voting through electronic means:

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing for voting by electronic means.

- a. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with rule 20 of Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 26th Annual General Meeting (AGM) to be held on September 10, 2019. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

b. The instructions for shareholders voting electronically are as under:-

The e-voting period will commence on September 07, 2019 (9:00 a.m.) and will end on September 09, 2019 (5:00 p.m.). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 04, 2019 may cast their vote electronically. The e-voting module shall be disabled by Central Depository Services (India) Limited (CDSL) for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID), Members holding shares in Physical Form should enter Folio Number registered with the Company.

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- (v) Enter the Captcha Code/ image verification as displayed and Click on Login.
- (vi) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below. Please fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank Details field as mentioned in instruction (iv). 	

*A Member who has not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.

*In Case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in Capital letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field..

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company in which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code/ image verification code and click on Forgot Password & enter the details as prompted by the system.

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(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile**

(xix) **Note for Non- Individual Shareholders and Custodians:**

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case of any queries or issues regarding e-voting, members may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

Please follow all the above steps [(i) to (xx)] to cast vote.

22. The Members whose names appear in the Register of Members / List of Beneficial Owners of the Company as on September 04, 2019 (cut-off date) are entitled to vote on the resolutions set forth in this Notice. The voting rights of shareholders shall be in proportion to the shares held by them of the paid-up equity share capital of the Company as on the cut-off date (record date).
23. Mrs. D. Renuka, Practicing Company Secretary, Hyderabad (Membership No. 11963) has been appointed by the Board as the Scrutinizer to scrutinize the voting and e-voting process in a fair and transparent manner.
24. Immediately after conclusion of the voting at the 26th Annual General Meeting (AGM), the scrutinizer shall first count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company. The Scrutinizer shall prepare a consolidated scrutinizer's report of the total votes cast in favour or against, if any, not later than forty eight hours after the conclusion of the AGM. This report shall be made to the chairman or any other person authorised by the chairman, who shall declare the results of the voting forthwith.
25. The voting results declared along with the Scrutinizer's Report shall be placed on the Company's website www.everestorganicsltd.com and on the website of CDSL www.evotingindia.com immediately after the declaration of the results. The results shall also be immediately forwarded to the BSE Limited. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of meeting, i.e. September 10, 2019.

Date: 30.07.2019
Place: Hyderabad

BY ORDER OF THE BOARDS
For Everest Organics Limited

Sd/-
Rekha Singh
Company Secretary

**EXPLANATORY STATEMENT****EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013****Item No. 5:**

Mr. Srikakarlapudi Harikrishna (DIN: 01664260) was appointed as Whole-time Director of the Company with effect from August 29, 2016 for a period of 3 years which was approved at the 23rd Annual General Meeting of the Company. The Board of Directors at its meeting held on July 30, 2019, considered the significant contribution made by Mr. Srikakarlapudi Harikrishna in the growth and development of the Company and based on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. Srikakarlapudi Harikrishna as Whole-time Director of the Company for a further period of three years commencing from August 28, 2019, subject to the approval of shareholders at the general meeting.

The Board further approved the upward revision of remuneration payable to Mr. Srikakarlapudi Harikrishna upto Rs. 12,00,000/- (Rupees Twelve Lakhs only) per annum or 1 percent of the Net Profit (Profit after tax) of the Company whichever is higher plus incidental expenses of Rs. 3 Lakhs per annum subject to his overall performance evaluation with effect from January 1, 2019 based on the recommendation of Nomination and Remuneration Committee.

The details of Mr. Srikakarlapudi Harikrishna as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India and other applicable provisions are provided in Annexure forming part of this Notice.

The Board recommends the Special Resolution set forth in Item No. 5 of the Notice for approval of members.

Except Mr. Kakarlapudi Sitarama Raju, Dr. Srikakarlapudi Sirisha and Mr. Srikakarlapudi Srihari Raju being relatives, none of the other Directors and Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the said resolution.

Item No.6

Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481, Aged 70 years) was appointed as an Independent Director of the Company by the members at the 22nd Annual General Meeting (AGM) of the Company held on 28th September, 2015 for a period of four consecutive years from September 28, 2015 and accordingly, his first term as an Independent Director is ending on September 28, 2019.

As per Section 149 (10) of the Act, provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for another term of up to five consecutive years, on passing of a special resolution by the members.

In terms of Section 149, 150 and 152 read with Schedule IV of the Companies Act, 2013, outcome of performance evaluation and recommendations of the Nomination and Remuneration Committee (NRC), the Board is of the opinion that Mr. Ramakrishnam Raju Kounparaju fulfills the conditions for his re-appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Regulations and is independent of the management. The Nomination and Remuneration Committee and the Board strongly recommend the resolution for consideration of the members.

Accordingly, the company is seeking the approval of its members by way of a special resolution, in view of the aforementioned provisions for re-appointment of Mr. Ramakrishnam Raju Kounparaju as an Independent Director for second term of five consecutive years commencing from September 28, 2019 up to September 27, 2024.

**EXPLANATORY STATEMENT**

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015. He has also given his consent to act as Director of the Company, if so appointed by the members.

Further, according to Regulation 17(1A) of the Listing Regulations, a listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained seventy five years of age only after the concerned listed company has obtained approval of its members by way of a special resolution. Since Mr. Ramakrishnam Raju Kounparaju will attain seventy five years during his tenure as an independent director in the second term, the company is seeking the approval of its members by way of a special resolution.

Mr. Ramakrishnam Raju Kounparaju is the member of Audit Committee and Nomination and Remuneration Committee. Further, the Board of Directors has determined that Mr. Ramakrishnam Raju Kounparaju is an operational expert in the manufacture of Active Pharmaceutical Ingredients and Intermediaries having an experience of approximately over 5 decades and considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Ramakrishnam Raju Kounparaju as an Independent Director. Profile and other particulars as required under the provisions of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India, are provided in Annexure forming part of this Notice.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Ramakrishnam Raju Kounparaju as an Independent Director for another term of five consecutive years commencing from September 28, 2019 up to September 27, 2024, not liable to retire by rotation, for the approval by the shareholders of the Company.

The Board strongly recommends the Special Resolution set forth in Item No. 6 for approval of members.

Except Mr. Ramakrishnam Raju Kounparaju, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way concerned or interested, financially or otherwise in the said resolution.

Item No.7

Mr. Sreeramakrishna Grandhi (DIN: 06921031, aged 67 years) was appointed as an Independent Director of the Company by the members at the 22nd Annual General Meeting (AGM) of the Company held on September 28, 2015 for a period of four consecutive years from September 28, 2015 and accordingly, his first term as an Independent Director is ending on September 28, 2019.

As per Section 149 (10) of the Act, provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for another term of up to five consecutive years, on passing of a special resolution by the members.

In terms of Section 149, 150 and 152 read with Schedule IV of the Companies Act, 2013, outcome of performance evaluation and recommendations of the Nomination and Remuneration Committee (NRC), the Board is of the opinion that Mr. Sreeramakrishna Grandhi fulfills the conditions for his re-appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Regulations and is independent of the management. The Nomination and Remuneration Committee and the Board strongly recommend the resolution for consideration of the members.

Accordingly, the company is seeking the approval of its members by way of a special resolution, in view of the aforementioned provisions for re-appointment of Mr. Sreeramakrishna Grandhi as an Independent

**EXPLANATORY STATEMENT**

Director for second term of five consecutive years commencing from September 28, 2019 up to September 27, 2024.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015. He has also given his consent to act as Director of the Company, if so appointed by the members.

Mr. Sreeramakrishna Grandhi is the chairperson of the Audit Committee and Nomination and Remuneration Committee. Further, the Board of Directors has determined that Mr. Sreeramakrishna Grandhi is an Audit Committee financial expert and his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Sreeramakrishna Grandhi as an Independent Director. Profile and other particulars as required under the provisions of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India, are provided in Annexure forming part of this Notice.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Sreeramakrishna Grandhi as an Independent Director for another term of five consecutive years commencing from September 28, 2019 up to September 27, 2024, not liable to retire by rotation, for the approval by the shareholders of the Company.

The Board strongly recommends the Special Resolution set forth in Item No. 7 for approval of members.

Except Mr. Sreeramakrishna Grandhi, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way concerned or interested, financially or otherwise in the said resolution.

Item No.8

Mr. Swaminathan Venkatesan (DIN: 02810646, aged 67 years) was appointed as an Independent Director of the Company by the members at the 22nd Annual General Meeting (AGM) of the Company held on September 28, 2015 for a period of four consecutive years from September 28, 2015 and accordingly, his first term as an Independent Director is ending on September 28, 2019.

As per Section 149 (10) of the Act, provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for another term of up to five consecutive years, on passing of a special resolution by the members.

In terms of Section 149, 150 and 152 read with Schedule IV of the Companies Act, 2013, outcome of performance evaluation and recommendations of the Nomination and Remuneration Committee (NRC), the Board is of the opinion that Mr. Swaminathan Venkatesan fulfills the conditions for his re-appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Regulations and is independent of the management. The Nomination and Remuneration Committee and the Board strongly recommend the resolution for consideration of the members.

Accordingly, the company is seeking the approval of its members by way of a special resolution, in view of the aforementioned provisions for re-appointment of Mr. Swaminathan Venkatesan as an Independent Director for second term of five consecutive years commencing from September 28, 2019 up to September 27, 2024.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI (LODR) Regulations, 2015. He has also given his consent to act as Director of the Company, if so

**EXPLANATORY STATEMENT**

appointed by the members.

Mr. Swaminathan Venkatesan is the chairperson of Stakeholder Relationship Committee and Share Transfer Committee and member of Audit Committee and Nomination and Remuneration Committee. Further, the Board of Directors has determined that Mr. Swaminathan Venkatesan is a specialised in Business Development and Marketing having a rich experience of more than 3 decades in pharmaceutical sector and considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Swaminathan Venkatesan as an Independent Director. Profile and other particulars as required under the provisions of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India, are provided in Annexure forming part of this Notice.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Swaminathan Venkatesan as an Independent Director for another term of five consecutive years commencing from September 28, 2019 up to September 27, 2024, not liable to retire by rotation, for the approval by the shareholders of the Company.

The Board strongly recommends the Special Resolution set forth in Item No. 8 for approval of members.

Except Mr. Swaminathan Venkatesan, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way concerned or interested, financially or otherwise in the said resolution.

Item No. 9:

In terms of the recently notified Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to be effective from April 1, 2019, the consent of the members by way of Special Resolution is required for continuation of a Non-Executive Director of the Company beyond the age of seventy years.

Mr. Kakarlapudi Sitarama Raju, Non-Executive Director of the Company, is currently 73 years old.

Mr. Kakarlapudi Sitarama Raju, is highly experienced in Pharmaceutical Industry and has successfully contributed towards the growth of the Company. Profile and other particulars as required under the provisions of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India, are provided in Annexure forming part of this Notice.

Mr. Kakarlapudi Sitarama Raju, having attained the age, beyond the age specified in the aforesaid Regulation, the approval of members is being sought by way of Special Resolution at the ensuing 26th Annual General Meeting of the Company for continuation of his Directorship in the Company.

The Board recommends the resolution set out as item no. 9 of this Notice for approval of the members as a Special Resolution.

Dr. Srikakarlapudi Srihari Raju, Dr. Srikakarlapudi Sirisha and Mr. Srikakarlapudi Harikrishna being relatives are interested in the resolution. Except them, none of the other Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

Item No.10

Dr. Srikakarlapudi Srihari Raju was re-appointed as Managing Director of the Company by the Board of Directors at its meeting held on August 27, 2018 for a period of 3 years. The same was subsequently approved by the members at the 25th Annual General Meeting held on September 28, 2018.

**EXPLANATORY STATEMENT**

Further, considering the tremendous contribution of Dr. Srikakarlapudi Srihari Raju and the progress made by the Company under his leadership and guidance and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on July 30, 2019 approved the revision in the remuneration payable to Dr. Srikakarlapudi Srihari Raju, on the terms and conditions enumerated in the resolution. Detailed clarification for the said revision in remuneration for a period of 3 (three) calendar year hereby clearly defines that Dr. Srikakarlapudi Srihari Raju will be paid Rs. 44 Lakhs per annum from 01.01.2019 to 31.12.2019, Rs. 48 Lakhs per annum from 01.01.2020 to 31.12.2020 and Rs. 50 Lakhs per annum from 01.01.2021 to 31.12.2021. The said increase in the remuneration will be within the stipulations of Sections 197,198 of the Act and Schedule V thereto.

The details of Dr. Srikakarlapudi Srihari Raju as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India and other applicable provisions are provided in Annexure forming part of this Notice.

The Board recommends the resolution set out as item no. 10 of this Notice for approval of the members as a Special Resolution.

Mr. Kakarlapudi Sitarama Raju, Dr. Srikakarlapudi Sirisha and Mr. Srikakarlapudi Harikrishna, being relatives are interested in the resolution. Except them, none of the other Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

Item No.11

Mr. Akella Parvathisem, Technical Director of the Company was appointed in the year 2004. Considering the technical expertise of Mr. Akella Parvathisem and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its Meeting held on July 30, 2019 approved the revision in the remuneration payable to Mr. Akella Parvathisem, on the terms and conditions enumerated in the resolution. Detailed clarification for the said revision in remuneration for a period of 3 (three) calendar year hereby clearly defines that Mr. Akella Parvathisem will be paid Rs. 44 Lakhs per annum from 01.01.2019 to 31.12.2019, Rs. 48 Lakhs per annum from 01.01.2020 to 31.12.2020 and Rs. 50 Lakhs per annum from 01.01.2021 to 31.12.2021. The said increase in the remuneration will be within the stipulations of Sections 197,198 of the Act and Schedule V thereto.

The details of Mr. Akella Parvathisem as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India and other applicable provisions are provided in Annexure forming part of this Notice.

The Board recommends the resolution set out as item no. 11 of this Notice for approval of the members as a Special Resolution.

Except Mr. Akella Parvathisem, none of the other Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested, financially or otherwise, in the said resolution.

Item No. 12:

Dr. Srikakarlapudi Sirisha, the Non-Executive Director of the Company brings with her significant professional expertise and rich experience across a wide spectrum of functional areas such as marketing, corporate strategy and information systems.

**EXPLANATORY STATEMENT**

The Board is of the view that adequate compensation be given to Dr. Srikarlapudi Sirisha, Non-Executive Director so as to compensate her for her time and efforts.

Therefore the Board seeks the consent of the members of the Company for revising the payment of commission payable to Dr. Sri Kakarlapudi Sirisha, the Non-Executive Director of the Company on the profits of the Company at a rate not exceeding 1 per cent of the net profits (profit after tax) of the Company in any year (computed in the manner provided in Sections 197 and 198 of the Companies Act, 2013) or Rs. 12,00,000/- (Rupees Twelve Lakhs only) per annum, whichever is higher plus incidental expenses of Rs. 3 Lakhs per annum subject to her overall performance evaluation.

The details of Dr. Sri Kakarlapudi Sirisha as required under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings issued by ICSI of India and other applicable provisions are provided in Annexure forming part of this Notice.

The Board recommends the Ordinary Resolution set out at item no. 12 of the Notice for approval by the members.

Dr. Sri Kakarlapudi Sirisha, Non-Executive Director of the Company is concerned or interested financially in the resolution because the resolution relates to payment of commission to self. Dr. Sri Kakarlapudi Sirisha, Sri Kakarlapudi Sitarama Raju and Dr. Sri Kakarlapudi Srihari Raju, Managing Director of the Company being a relative as per Companies Act, 2013 except these persons, none of the other Director or KMP of the Company or their relatives are, in any way, concerned with or interested in, financially or otherwise in the said resolution.

Item No. 13:

The Board, on the recommendation of the Audit Committee, has approved the re-appointment of "PKR & Associates, LLP", Cost Accountants (FRN: AAB7156), as Cost Auditors at a remuneration of Rs. 1,80,000/- (Rupees One Lakh Eighty Thousand only) per annum plus out of pocket expenses and applicable taxes, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020.

In accordance with the provisions of the Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the members of the Company.

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at item no. 13 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2020.

The Board recommends the resolution set forth in item no. 13 of the Notice for approval of the members.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way concerned or interested, financially or otherwise in the said resolution.

**ANNEXURE**

Details of Directors Seeking appointment/ re-appointment at the Annual General Meeting (Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and as per Secretarial Standards on general meetings are as under:

Name of the Director	Dr. Sri Kakarlapudi Sirisha	Mr. Sri Kakarlapudi Harikrishna	Mr. Kakarlapudi Sitarama Raju
Brief Profile			
Date of Birth (Age)	07-12-1977 (41 Years)	20-01-1979 (40 Years)	04-07-1946 (73 Years)
Qualification	MBBS., MD	(BE) MPIE	B. Tech., M. Tech. in Chemical Engineering
DIN	06921012	01664260	02955723
Date of Appointment /Reappointment on the Board of the Company	10.09.2019 (Original Appointment Date 30-07-2014)	28.08.2019 (Original Appointment Date 29-09-2007)	10.09.2019 Original Appointment Date 19-04-1995)
Nature of expertise in specific functional areas	Regulatory, Research & Development and Business Development	Projects & Administration	Environmental Management, General Management
Inter-se relationship between Directors and other Key Managerial Personnel	Ms. Sirisha is daughter of Dr. S.K. Srihari Raju, Managing Director.	Mr. Harihrishna is relative of Dr. S.K. Srihari Raju, Managing Director.	Mr. Sitarama Raju is brother of Dr. S.K. Srihari Raju, Managing Director.
Terms and Conditions along with details of remuneration sought to be paid	As mentioned in the Resolution read with Explanatory Statement	As mentioned in the Resolution read with Explanatory Statement	As mentioned in the Resolution read with Explanatory Statement
Name(s) of other Companies in which Directorships held	Tarini Pharmatech Private Limited	Nil	Nil
Chairman /Member of the Committee till date	Nil	Chairman: Nil Member: 1. Stakeholder Relationship Committee 2. Share Transfer Committee	Nil
Name(s) of other Companies in which Committee Membership(s)/ Chairman(s) held			
Audit Committee	None	None	None
Stakeholders' Relationship Committee	Nil	Nil	Nil
Nomination & Remuneration Committee	Nil	Nil	Nil
Other Committees	Nil	Nil	Nil
No. of Shares held	109656	5996	113508
Details of remuneration last drawn	Nil (Drawn Rs. 9,00,000/- as commission and Rs. 30000/- as sitting fees)	Rs. 9,00,000/- (Total Remuneration drawn in FY 2018-19)	Nil (Drawn Rs. 10,000/- as sitting fees)
No. of Board Meeting attended during the year	5/6	6/6	2/6



ANNEXURE

Name of the Director	Ramakrishnam Raju Kounparaju	Sreeramakrishna Grandhi	Swaminathan Venkatesan
Brief Profile			
Date of Birth (Age)	09-06-1949 (70 Years)	26-07-1952 (67 Years)	01-01-1952 (67 Years)
Qualification	B. Sc.	M. Sc. in Chemistry, CAIIB	B. Pharma (H), MBA
DIN	01735481	06921031	02810646
Date of Appointment /Reappointment on the Board of the Company	28.09.2019 (Original Appointment Date 05-09-2009)	28.09.2019 (Original Appointment Date 30-07-2014)	28.09.2019 (Original Appointment Date 05-09-2009)
Nature of expertise in specific functional areas	Project Manufacturing Operation, GM	Finance	Business Development & Marketing
Inter-se relationship between Directors and other Key Managerial Personnel	He is not related with any Director and Key Managerial Personnel of the Company	He is not related with any Director and Key Managerial Personnel of the Company	He is not related with any Director and Key Managerial Personnel of the Company
Terms and Conditions along with details of remuneration sought to be paid	As mentioned in the Resolution read with Explanatory Statement	As mentioned in the Resolution read with Explanatory Statement	As mentioned in the Resolution read with Explanatory Statement
Name(s) of other Companies in which Directorships held	Vyjayanthi Pharma Private Limited (Partix)	1. Alufluoride Ltd 2. Ravileela Granites Limited 3. Maximus Arc Limited	Amizade Impex Private Limited
Chairman /Member of the Committee till date	Chairman: Nil Member: 1. Audit Committee 2. Nomination & Remuneration Committee	Chairman: 1. Audit Committee 2. Nomination & Remuneration Committee Member: Nil	Chairman: 1. Stakeholder Relationship Committee 2. Share Transfer Committee Member: 1. Audit Committee 2. Nomination & Remuneration Committee
Name(s) of other Companies in which Committee Membership(s)/ Chairman(s) held			
Audit Committee	Nil	Chairman: 1.Ravileela Granites Ltd. Member: 1.Alufluoride Ltd.	Nil
Stakeholders' Relationship Committee	Nil	Nil	Nil
Nomination & Remuneration Committee	Nil	Chairman: Nil Member: 1.Alufluoride Ltd. 2.Ravileela Granites Ltd	Nil
Other Committees	Nil	Nil	Nil
No. of Shares held	720	0	0
Details of remuneration last drawn	Nil (Drawn Rs. 70,000/- as sitting fees for the FY 2018-19)	Nil (Drawn Rs. 50,000/- as sitting fees for the FY 2018-19)	Nil (Drawn Rs. 70,000/- as sitting fees for the FY 2018-19)
No. of Board Meeting attended during the year	5/6	4/6	5/6

**ANNEXURE**

Name of the Director	Dr. Srikakarlapudi Srihari Raju	Akella Pervathisem
Brief Profile		
Date of Birth (Age)	08-04-1952 (67 Years)	25-08-1967 (52 Years)
Qualification	M.B.B.S, MD, DA	B.Sc.
DIN	01593620	00910224
Date of Appointment /Reappointment on the Board of the Company	28.09.2018 (Original Appointment Date 19-02-1993)	28.04.2004 (Original Appointment Date 28-08-2004)
Nature of expertise in specific functional areas	Corporate Management	Technical
Inter-se relationship between Directors and other Key Managerial Personnel	Ms. Sirisha is daughter of Dr. S.K. Srihari Raju, Managing Director and Mr. Harikrishna and Mr. Sitarama Raju is his relatives	He is not related with any Director and Key Managerial Personnel of the Company
Terms and Conditions along with details of remuneration sought to be paid	As mentioned in the Resolution read with Explanatory Statement	As mentioned in the Resolution read with Explanatory Statement
Name(s) of other Companies in which Directorships held	Nil	Nil
Chairman /Member of the Committee till date	Nil	Chairman: Nil Member: 1. Audit Committee 2. Stakeholder Relationship Committee 3. Share Transfer Committee
Name(s) of other Companies in which Committee Membership(s)/ Chairman(s) held		
Audit Committee	Nil	Nil
Stakeholders' Relationship Committee	Nil	Nil
Nomination & Remuneration Committee	Nil	Nil
Other Committees	Nil	Nil
No. of Shares held	1544334	36
Details of remuneration last drawn	Rs. 30,00,000/- (Total Remuneration drawn in FY 2018-19)	Rs. 18,00,000/- (Total Remuneration drawn in FY 2018-19)
No. of Board Meeting attended during the year	6/6	6/6

**DIRECTORS' REPORT****DIRECTOR'S REPORT**

Dear Shareholders,

Your Directors are pleased to present herewith the 26th Annual Report on the business and operations of the Company and the Audited Accounts for the year ended March 31, 2019.

1. FINANCIAL RESULTS AND OPERATIONS:

i. Financial Results:

The summarized financial results for the year ended March 31, 2019 as compared with the previous year are as under:

Amount in Rs.

Sl. No.	Particulars	2018-19	2017-18
I	Total Revenue	1,563,930,473	1,128,730,996
II	Profit before Financial Cost, Depreciation, and Tax	183,764,988	86,328,288
III	Less : Financial Cost	32,132,959	27,426,255
IV	Less : Depreciation	28,358,426	26,757,784
V	Profit Before Tax	123,273,603	23,639,349
VI	Less : Provision for Income Tax	27,000,000	6,500,000
VII	Add: Deferred Tax	21,187,818	-
VIII	Profit After Tax	75,085,785	17,139,349
IX	Other Comprehensive Income Items that will not be reclassified to Profit/ Loss	-	8,704,900
X	Total Comprehensive Income for the period	75,085,785	25,844,249
XI	Add: Brought forward from Previous Year	106,821,994	80,936,725
XII	Closing Balance of Reserves & Surplus	179,755,768	106,821,994

ii. Operations:

During the year under review, your Company has register a total revenue of Rs. 1,563,930,473/- as against Rs. 1,128,730,996/- for the previous corresponding year showing a significant year-on-year growth of 38.56%

Whereas the Net Profit of the Company is Rs. 75,085,785/- as against Net Profit of Rs. 17,139,349/- for the previous year showing a significant rise of 338% in the profit of the Company. Earnings per share for the year was Rs. 9.39.

2. DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs. 1.00/- (Rupees One only) per equity shares of Rs. 10/- each for the FY 2018-19, subject to the approval of the equity shareholders at the ensuing 26th Annual General Meeting (AGM) of the Company. Dividend will be paid to those shareholders whose names appear on the register of members of the Company as of end of the day on September 04, 2019.

**DIRECTORS' REPORT****3. TRANSFER TO RESERVES:**

The Company has not proposed to transfer any amount to the Reserves for the year ending March 31, 2019.

4. SHARE CAPITAL

There was no change in the Share Capital of the Company, during the year 2018-19. The paid up Equity Share Capital as on March 31, 2019 was Rs. 80,000,000/- (Rupees Eight Crores only).

5. DEPOSITS FROM PUBLIC:

The Company has not accepted any deposits from public pursuant to the provision of section 73 of the Companies Act, 2013 and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

6. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the year under review, there was no change in the nature of the business of the Company.

7. SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES:

The Company does not have any subsidiary / joint venture / Associate companies during the year under review.

8. MANAGEMENT DISCUSSION & ANALYSIS REPORT:

The Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented elsewhere and form part of this report.

9. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**a) Statement of Declaration given by Independent Director:**

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of Independence as provided in sub-section (6) and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

b) Directors Retire by Rotation:

In accordance with the requirements of the Companies Act, 2013 and Article of Association of the Company Mr. Kakarlapudi Sitarama Raju and Ms. Sriakarlupudi Sirisha, Directors retire by rotation and offer themselves for re-appointment. Your Board of Directors recommends their re-appointment. Their brief profile has been provided elsewhere in this Annual Report.

c) Resignation of Non-Executive Director:

Pursuant to the provisions of Companies Act, 2013 Shri. Reddy Eashwer Kanthala, Non-executive Director of the Company resigned from the office of Directorship w.e.f. 29.09.2018. The Board places on record its appreciation for the services rendered by him during his tenure.

d) Re-appointment of Directors:

The terms of Mr. Ramakrishnam Raju Kounparaju, Mr. Sreeramakrishna Grandhi and Mr. Swaminathan Venkatesan, Independent Directors expires on September 28, 2019. The Board recommends re-appointment of these directors as Independent Directors under Section 149 of the Companies Act, 2013 for another term of five years respectively for approval of the members at the ensuing 26th Annual General Meeting. In accordance with Section 149(7) of the Companies Act, 2013, each Independent Directors has confirmed that they meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1)

**DIRECTORS' REPORT**

(b) of the Listing Regulations.

The terms of Mr. Srikakarlapudi Harikrishna, Whole-time Director of the Company expires on August 28, 2019. The Board recommends the re-appointment of Mr. Srikakarlapudi Harikrishna as Whole-time Director of the Company with effect from August 28, 2019 for a period of three years in accordance with the provisions of the Companies Act, 2013.

e) Key Managerial Personnel:

Pursuant to the provisions of section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are – Dr. Srikakarlapudi Srihari Raju, Managing Director, Shri. Periri Ramakrishna, Chief Financial Officer and Ms. Rekha Singh, Company Secretary.

During the year and review, Ms. Nisha Jain, Company Secretary of the Company resigned from the office on 29.09.2018 and Ms. Rekha Singh was appointed as Company Secretary w.e.f. 01.10.2018.

f) Board Meetings:

During the year under review, your Board of Directors met 6 (Six) times i.e. 30-05-2018, 08-08-2018, 27-08-2018, 13-10-2018, 31-10-2018 and 24-01-2019. In respect of each meeting proper notice were given, the proceedings were properly recorded and signed in minute's book maintained for the purpose. The maximum time gap between any two Board meetings was not exceeding 120 days.

The details of attendance of the Directors are as under.

S. No.	Name of the Directors	No. of Board Meetings during the year 2018-19		Whether attended last AGM held on 28th September, 2018
		Held	Attended	
1	Dr. Sri Kakarlapudi Srihari Raju	6	6	Yes
2	Mr. Ramakrishnam Raju Kounparaju	6	5	No
3	Mr. Kakarlapudi Sitaram Raju	6	2	No
4	Mr. Akella Parvatisem	6	6	Yes
5	Mr. Sri Kakarlapudi Harikrishna	6	6	Yes
6	Mr. Reddy Eashwer Kanthala	3	0	No
7	Mr. Swaminathan Venkatesan	6	5	Yes
8	Mr. Sreeramakrishna Grandhi	6	4	Yes
9	Dr. Sri Kakarlapudi Sirisha	6	5	Yes

None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the Companies in which he is a Director.

g) Committee of Board and details of meetings:

The Board currently has three committees, namely, Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee. All the recommendations made by

**DIRECTORS' REPORT**

the Committees of Board including the Audit Committee were accepted by the Board.

i) AUDIT COMMITTEE:

The Audit Committee of the Company was constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (LODR) Regulations, 2015. The Committee comprises of the following members;

- | | | | |
|----|--|---|---------------------------------|
| 1. | Mr. Sreeramakrishna Grandhi (DIN: 06921031) | : | Chairman (Independent Director) |
| 2. | Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) | : | Independent Director |
| 3. | Mr. Swaminathan Venkatesan (DIN: 02810646) | : | Independent Director |
| 4. | Mr. Akella Parvatisem (DIN: 00910224) | : | Executive Director |

The terms of reference and the role of the Audit Committee is to overview the accounting systems, financial reporting and internal controls of the Company. The Powers and role of the Audit Committee are as set out in section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Company continues to derive immense benefit from the deliberations of Audit Committee. The Chairman of the Audit Committee was present at the previous Annual General Meeting.

During the year 2018-19 the Audit Committee met Four (4) times i.e. on 30-05-2018, 08-08-2018, 31-10-2018 and 24-01-2019. The Statutory Auditors, Internal Auditors and Chief Financial Officer were invited for the meetings. The Company Secretary acts as the secretary of the Audit Committee. The attendance of the members of the committee is given below;

Sl. No.	Name of the Directors	Category	No. of Meetings during the year 2018-19	
			Held	Attended
1	Mr. Sreeramakrishna Grandhi	Independent Director	4	2
2	Mr. Ramakrishnam Raju Kounparaju	Independent Director	4	4
3	Mr. Swaminathan Venkatesan	Independent Director	4	4
4	Mr. Akella Parvatisem	Executive Director	4	4

ii) NOMINATION AND REMUNERATION COMMITTEE:

The Company had constituted "Nomination and Remuneration Committee" in terms of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (LODR) Regulations, 2015. The committee comprises of the following members;

- | | | | |
|----|--|---|----------------------|
| 1. | Mr. Sreeramakrishna Grandhi (DIN: 06921031) | : | Chairman |
| 2. | Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) | : | Independent Director |
| 3. | Mr. Swaminathan Venkatesan (DIN: 02810646) | : | Independent Director |

The Broad terms of reference of the remuneration committee are;

- Formulation of the criteria for determining qualifications, positive attributes and independence of Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors on the Board.
- Devising a policy on Board diversity.

**DIRECTORS' REPORT**

- (iv) Identifying persons who are qualified to become Directors and person suitable to be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment and removal. The remuneration policy and the evaluation criteria of the company are placed on the website of the company.
- (v) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors to run the Company successfully.
- (vi) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- (vii) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

Remuneration Policy: The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee. The Executive Directors of the Company are not entitled to sitting fees.

During the year 2018-19 the Nomination and Remuneration Committee met Two (2) times i.e. on 27-08-2018 and 01-10-2018.

iii) STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Company had constituted "Stakeholder Relationship Committee" in terms of Section 178 of the Companies Act, 2013 read with Regulation 19 of SEBI (LODR) Regulations, 2015. The committee comprises of the following members;

- | | |
|-----------------------------------|-----------------------|
| 1. Mr. Swaminathan Venkatesan | : Chairman |
| 2. Mr. Akella Parvatisem | : Executive Director |
| 3. Mr. Srikakarlapudi Harikrishna | : Whole-time Director |

The Chairman of the Committee Mr. Swaminathan Venkatesan, is a Non-Executive Independent Director. The committee considers and resolves the grievances of security holders of the Company. The Chairman of the Stakeholders Relationship Committee was present at the previous Annual General Meeting.

The Board has designated Company Secretary as the Compliance Officer. The total number of complaints received was 2 (two) and the same was resolved to the satisfaction of shareholders during the year under review. There was no pending complaints, request for transfers or transmissions of demat/ remat as on March 31, 2019.

During the year 2018-19 the Stakeholders Relationship Committee met One (1) times on 30-03-2019.

iv) SHARE TRANSFER COMMITTEE:

The Company had constituted "Share Transfer Committee" that comprises of the following members;

- | | |
|-----------------------------------|-----------------------|
| 1. Mr. Swaminathan Venkatesan | : Chairman |
| 2. Mr. Akella Parvatisem | : Executive Director |
| 3. Mr. Srikakarlapudi Harikrishna | : Whole-time Director |

The Chairman of the Committee Mr. Swaminathan Venkatesan, is an Independent Director. The

**DIRECTORS' REPORT**

committee looks into transfer and transmission, issue of duplicate share certificate, consolidation and sub-division of shares. The committee oversees the performance of the Registrars and Shares Transfer Agents and recommends measures for overall improvement in the quality of investor services.

There was no pending complaints, request for transfers or transmissions or demat/ remat as on March 31, 2019. During the year 2018-19 the Share Transfer Committee met 34 times. Details of the meetings and attendance of members held during the year are annexed as “Annexure I” to this report

h) Board Evaluation:

As per provisions of the Companies Act, 2013 and the Listing Regulations, an evaluation of the performance of the Board its committees and members was undertaken. The contribution and impact of individual Directors were reviewed through a peer evaluation on parameters such as level of engagement and participation, flow of information, independence of judgement, conflicts resolution and their contribution in enhancing the Board's overall effectiveness. The feedback obtained from the interventions was discussed in detail and where required, independent and collective action points for improvement were put in place.

i) Appointment of Directors and Remuneration Policy:

The assessment and appointment of members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. The potential independent Board member is also assessed on the basis of independence criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the Listing Regulations.

In accordance with Section 178(3) of the Companies Act, 2013, and on recommendations of Nomination and Remuneration Committee, the Board adopted a remuneration policy for Directors, Key Management Personnel (KMPs) and Senior Management which is available on the website of the Company www.everestorganicsltd.com.

j) Compliance with secretarial standards:

In terms of section 118 (10) of the Companies Act, 2013 the company continuous to complies with various the provisions of all Secretarial Standards, as issued by the institute of company secretary of India.

10. ADEQUACY OF INTERNAL FINANCIAL CONTROL SYSTEMS:

The Company has in place proper and adequate Internal Financial Control systems commensurate with the nature of its business, size and complexity of its operations with reference to financial statements. Internal control systems comprising of policies and procedures designed to ensure reliability of financial reporting timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources as acquired are used economically.

11. DIRECTOR'S RESPONSIBILITY STATEMENT:

In accordance with clause (c) of sub-section 3 of section 134 of the Companies Act, 2013, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended March 31, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

**DIRECTORS' REPORT**

- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors have prepared the accounts for the financial year ended March, 31, 2019 on a 'going concern basis';
- e. That the Directors have laid down internal financial controls to be followed by the Company and that such financial controls are adequate and operating effectively;
- f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2018-19.

12. RELATED PARTY TRANSACTIONS:

All Related Party Transactions are entered on Arm's Length basis and are in compliance of the Companies Act and the SEBI (LODR) Regulations, 2015.

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for transactions which are foreseeable and repetitive in nature. A statement of all Related Party Transactions is presented before the Audit Committee on quarterly basis, specifying the nature, value and terms and conditions of the transactions. Complete details of RPT are given in the Notes to accounts.

Information on transactions with Related Parties pursuant to Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in Form AOC-2 and is attached as "Annexure II" to this Report.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company believes in upholding professional integrity and ethical behaviour in the conduct of its business. To uphold and promote these standards, the Company has a Vigil Mechanism / Whistle Blower Policy which serves as a mechanism for its Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal. The policy also provides access to the Chairperson of the Audit Committee under certain circumstances. The details of the procedures are also available on the website of the Company www.everestorganicsltd.com.

**DIRECTORS' REPORT**

Whistle Blower Policy and affirmation that none of the personnel have been denied access to the Audit Committee. The Company has in place a Whistle Blower Policy for Vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud, violation of Company's Code of Conduct.

14. AUDITORS AND AUDITORS REPORT:**a) Statutory Auditors:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, M/s. Suryam & Co., Chartered Accountants, Hyderabad (FRN: 012181S), was appointed as Statutory Auditors of the Company at its 24th Annual General Meeting held on September 27, 2017 for a term of five (5) years, subject to the ratification by shareholders at every Annual General Meeting.

However, the Ministry of Corporate Affairs (MCA) in its notification dated May 7, 2018 has omitted the requirement under the first proviso to Section 139 of the Companies Act, 2013 and Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditors by shareholders at every subsequent AGM. Accordingly, no resolution for ratification of appointment of statutory auditor was incorporated in the Notice of 26th Annual general Meeting of the Company.

b) Board's response on Auditors' Qualifications, Reservations or Adverse Remarks:

The qualifications made by the Statutory Auditors in the Auditors' Report for the financial year ended March 31, 2019 read with explanatory notes therein are self-explanatory and therefore do not call for any further explanation or comments from the Board under Section 134 (3) of the Companies Act, 2013, other than those mentioned below:

- i. Gratuity provisions made for Rs. 82.03 lakhs, payment made to the Gratuity Fund is Rs. 35.00 Lakhs only.

Directors' Comments: During the year under review the company has made a payment of Rs.35.00 Lakhs in the Gratuity Fund. However, the company have initiated the necessary action to be taken towards the payment of balance amount in the following financial year.

- ii. Pending advances extended to employees amounting to Rs. 18.50 Lakhs. This implies payment of such advances amounts to Rs. 5.63 Lakhs which are not provided for.

Directors' Comment: The management has initiated steps to recover the same along with the advances so extended to such employees.

c) Internal Auditors:

The Board of Directors based on the recommendation of the Audit Committee has appointed M/s. Harikrishna & Associates, Chartered Accountants, as the Internal Auditors of your Company. The Internal Auditors are submitting their reports on quarterly basis.

d) Cost Auditors:

The Board of Director based on the recommendation of Audit Committee has appointed M/s. PKR & Associates, LLP, Cost Accountant, Hyderabad as the Cost Auditor of the Company pursuant to the provisions of section 148 of the Companies Act, 2013 for the financial year 2019-20. The provisions also require that the remuneration of the cost auditors be ratified by the shareholders and accordingly the same is put forward to the shareholders in the ensuing 26th Annual General Meeting for their ratification.

**DIRECTORS' REPORT****e) Cost Audit Report for the year ended March 31, 2019:**

The Cost Audit Report for the financial year 2018-19 issued by M/s. PKR & Associates, LLP, Cost Accountant, are self-explanatory and therefore do not call for any further explanation or comments from the Board. The same will be filed with the Central Government within the stipulated timeline.

f) Secretarial Auditor:

The Board has re-appointed M/s. D. Hanumantha Raju & Co., Company Secretary in practice, to carry out the Secretarial Audit under the provisions of section 204 of the Companies Act, 2013 for the financial year 2018-19. The Secretarial Audit Report in form no. MR-3 is annexed as “**Annexure III**” to this report.

15. RISK MANAGEMENT POLICY:

The Company has instituted a proper mechanism for identifying and establishing controls to effectively manage different kinds of risks. At present the threats, risks and concerns being felt are stiff competition in the market, consolidation of manufacturers, who have branded products and fluctuations in prices as well as availability of raw materials.

16. DECLARATION ABOUT COMPLIANCE WITH CODE OF CONDUCT BY MEMBERS OF THE BOARD AND SENIOR MANAGEMENT PERSONNEL:

The Company has complied with the requirements about the Code of Conduct for Board members and Senior Management Personnel. A compliance certificate by the Managing Director forms part of this Report.

17. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary and trainee) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed off during the year under review:

- | | | |
|-----------------------------------|---|-----|
| a) No. of Complaints Received | : | NIL |
| b) No. of Complaints Disposed off | : | NIL |

18. OTHER DISCLOSURES:**a) Extract of Annual Return:**

An extract of Annual Report prepared in accordance with section 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rule, 2014 in Form MGT-9 is annexed as “**Annexure IV**” to this Report and is also available on the website of the company www.everestorganicsltd.com.

b) Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo:

Particulars pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) rules, 2014 are annexed as “**Annexure V**” to this report.

**DIRECTORS' REPORT****c) Loans/ Guarantees/ Investments under section 186 of the Companies Act, 2013:**

During the year under review, no loans/ Guarantees/ Investments and securities provided pursuant to the provisions of Section 186 of the Companies Act, 2013.

d) Non-applicability of Corporate Governance Report:

Pursuant to the provision of Regulation 27 (2) of SEBI (LODR) Regulations, 2015 read with Regulation 15(2) of Chapter IV of SEBI (LODR) Regulations, 2015, the Corporate Governance Report is not applicable to the Company during the year 2018-19, as the paid up share capital of the company is less than Ten Crores i.e. Rs. 8,00,00,000/- (Rupees Eight Crores only) and the Net Worth is less than Twenty Five Crores i.e. Rs. 18,68,21,994/- (Rupees Eighteen Crores Sixty Eight Lakhs Twenty One Thousand Nine Hundred and Ninety Four only) as on the last day of the previous financial year i.e. March 31, 2018.

e) Disclosure regarding Employees Stock Option Scheme:

Pursuant to the provision of Sections 62 (1) (b) of the Companies Act, 2013 read with Rule 12 (9) of the Companies (Share Capital and Debentures) Rules, 2014, the Company has not issued any equity shares under Employees Stock Option Scheme, during the year under review.

The Board of Directors at their meeting held on 09.08.2017 have proposed to approve Employee Stock Option Scheme, which was later approved by the members at the 24th Annual General Meeting of the Company held on 27.09.2017 as the ESOP Scheme 2017. The Company is planning to proceed with said approval soon.

f) Disclosure regarding Unclaimed Shares:

Pursuant to the provisions of SEBI (LODR) Regulations 2015, the Company had transferred 207972 (Two Lakh Seven Thousand Nine Hundred Seventy Two) unclaimed Equity Shares to the Everest Organics Limited – Unclaimed Suspense Account. 187056 (One Lakh Eighty Seven Thousand and Fifty Six) Equity Shares were still lying under “Everest Organics Limited – Unclaimed Suspense Account” as on 31.03.2019.

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS:

During the year under review, the Company has received Closure Orders of Factory situated at Sadasivpet, from Telangana State Pollution Control Board (TSPCB) on 20.10.2018 with regards to non-compliances of pollution norms. The Management has taken serious steps to make sure that the Company shall comply with all the provisions of TSPCB in future without any minor lapses and had submitted all the necessary documents to TSPCB authorities to get the revocation order.

TSPCB has reviewed all the documents, and has issued the temporary revocation of factory closure order to the Company on 08.11.2018 after consideration of all the inspection of its facility for pollution control issues.

Further after careful consideration and analysis of the material facts of the case, TSPCB found that the management has taken adequate steps to comply with the provisions of TSPCB towards the environmental safety and had issued the Permanent Revocation of Closure Order on 28.03.2019.

No other significant and/or material orders, passed by any Court or Regulator or Tribunal, which may impact the going concern status or the Company's operations in future.

**DIRECTORS' REPORT****20. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE CLOSE OF THE YEAR TILL THE DATE OF THIS REPORT:**

The material events that have occurred after the close of the year till the date of this report are as follows:

- a) The new Research & Development centre of the Company has been commissioned and is in operation with 20 chemists.
- b) New Products like Ilaprazole, Rivoraxavan, and Febuxostat have been commercialised and started the sale.
- c) China FDA has approved Esomeprazole Magnesium Trihydrate. d) Solar power plant of 1 megawatt capacity within the premises is being envisaged.

Other than these, no other material changes and commitments have occurred which may affect the financial position of the Company after the close of the year till the date of this report.

21. CORPORATE SOCIAL RESPONSIBILITY:

During the year under review, the provisions of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility is not applicable to the Company.

22. PARTICULARS OF EMPLOYEES AND REMUNERATION:

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014 are annexed herewith as “**Annexure VI**” and form part of this report.

23. HUMAN RESOURCE:

Your Company considers its Human Resources as the key to achieve its objectives. Keeping this in view, your Company takes utmost care to attract and retain quality employees. The employees are sufficiently empowered and such work environment propels them to achieve higher levels of performance. The unflinching commitment of employees is the driving force behind the Company's vision. Your Company appreciates the spirit of its dedicated employees.

24. ACKNOWLEDGMENT

Your Directors place on record their sincere appreciation for the significant contribution made by its employees through their dedication, hard work and commitment at all levels. The board of directors also acknowledge the support extended by the analysts, bankers, government agencies, media, customers, suppliers, shareholders and investors at large. The Board look forward to your continued support in the Future.

For and on behalf of the Board of Directors

Sd/-

Ramakrishnam Raju Kounparaju

Chairman

DIN: 01735481

Sd/-

Sri Kakarlapudi Srihari Raju

Managing Director

DIN: 01593620

Date: 30.07.2019

Place: Hyderabad



DIRECTORS' REPORT

ANNEXURE-I

Details of Share Transfer Committee Meetings held during the year 2018-19

S. No.	Type of Meeting	Date of Meeting	Total Number of Members as on the date of Meeting	Attendance	
				No. of Members attended	% of Attendance
1	Share Transfer Committee	11.04.2018	3	3	100
2	Share Transfer Committee	04.05.2018	3	3	100
3	Share Transfer Committee	28.05.2018	3	3	100
4	Share Transfer Committee	08.06.2018	3	3	100
5	Share Transfer Committee	19.06.2018	3	3	100
6	Share Transfer Committee	29.06.2018	3	3	100
7	Share Transfer Committee	23.07.2018	3	3	100
8	Share Transfer Committee	07.08.2018	3	3	100
9	Share Transfer Committee	20.08.2018	3	3	100
10	Share Transfer Committee	03.09.2018	3	3	100
11	Share Transfer Committee	11.09.2018	3	3	100
12	Share Transfer Committee	21.09.2018	3	3	100
13	Share Transfer Committee	04.10.2018	3	3	100
14	Share Transfer Committee	11.10.2018	3	3	100
15	Share Transfer Committee	23.10.2018	3	3	100
16	Share Transfer Committee	03.11.2018	3	3	100
17	Share Transfer Committee	12.11.2018	3	3	100
18	Share Transfer Committee	20.11.2018	3	3	100
19	Share Transfer Committee	26.11.2018	3	3	100
20	Share Transfer Committee	30.11.2018	3	3	100
21	Share Transfer Committee	06.12.2018	3	3	100
22	Share Transfer Committee	17.12.2018	3	3	100
23	Share Transfer Committee	24.12.2018	3	3	100
24	Share Transfer Committee	29.12.2018	3	3	100
25	Share Transfer Committee	10.01.2019	3	3	100
26	Share Transfer Committee	21.01.2019	3	3	100
27	Share Transfer Committee	31.01.2019	3	3	100
28	Share Transfer Committee	09.02.2019	3	3	100
29	Share Transfer Committee	22.02.2019	3	3	100
30	Share Transfer Committee	09.03.2019	3	3	100
31	Share Transfer Committee	16.03.2019	3	2	66.67
32	Share Transfer Committee	22.03.2019	3	2	66.67
33	Share Transfer Committee	28.03.2019	3	2	66.67
34	Share Transfer Committee	30.03.2019	3	2	66.67



DIRECTORS' REPORT

ANNEXURE II

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts /arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances , if any
Virat& Co. One of the Partners of the Firm is the wife of Executive Director	Sales/ Purchases	N/A	General Terms and Conditions	29.05.2017	N/A
A. Parvatisem Technical Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
Virat& Co. One of the Partners of the Firm is the wife of Executive Director	Unsecured Loan taken by the Company	N/A	General Terms and Conditions	29.05.2017	N/A

**DIRECTORS' REPORT****ANNEXURE II**

Dr.S.K.Sirisha Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
S.K.Seetharama Raju Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
S.K. Sudha Wife of Director of the Company	Office Rent & Maintenance paid by the Company	N/A	General Terms and Conditions	-	N/A
S.K.Hari Krishna Whole-time Director of the Company	Unsecured Loan Received	N/A	General Terms and Conditions	-	N/A
A. Raj Kamal Wife of Technical Director of the Company	Consultancy	N/A	General Terms and Conditions	-	N/A
Veerat Finance & Investment Ltd. One of the Director of the Company is the wife of Managing Director	Unsecured Loan Received	N/A	General Terms and Conditions	29.05.2017	N/A
Dr, S.K Srihari Raju Managing Director of the Company	Remuneration	N/A	General Terms and Conditions	30.07.2016	N/A
A. Parvatisem Technical Director of the Company	Remuneration	N/A	General Terms and Conditions	-	N/A
S.K. Hari Krishna Whole-time Director of the Company	Remuneration	N/A	General Terms and Conditions	22.01.2016	N/A
Non- executive Directors	Sitting Fees	N/A	General Terms and Conditions	-	N/A

For and on behalf of the Board of Directors

Sd/-

Ramakrishnam Raju Kounparaju

Chairman

DIN: 01735481

Sd/-

Sri Kakarlapudi Srihari Raju

Managing Director

DIN: 01593620

Date: 30.07.2019**Place: Hyderabad**



Form No. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019**

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

To,

The Members,**EVEREST ORGANICS LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EVEREST ORGANICS LIMITED (hereinafter called the company). Secretarial Audit was conducted in accordance with the guidance note issued by the Institute of Company Secretaries of India and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - (Not applicable to the Company during the period of audit);

**DIRECTORS' REPORT****ANNEXURE III**

- (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - (Not applicable to the Company during the period of audit);
 - (f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - (Not applicable to the Company during the period of audit);
 - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the period of audit);
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares), Regulations, 2013; - (Not applicable to the Company during the period of audit); and
 - (k) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other laws specifically applicable to the company are as follows:
- a. Drugs and Cosmetics Act, 1940;
 - b. Petroleum Act, 1934 read with Petroleum Rules 2002;
 - c. Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;
 - d. Environment (Protection) Act, 1986 and rules made thereunder;
 - e. Water (Prevention and Control of Pollution) Act, 1974;
 - f. Explosives Act, 1884 read with Gas Cylinder Rules, 2004;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified under the Companies Act, 2013;
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

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

It has been observed that Company has not complied with Secretarial Standards on General Meetings (SS-2) in respect of not setting out all such facts as required to be disclosed in the explanatory statement annexed to Notice circulated for the appointment and re-appointment of Directors for calling Annual General Meeting held on 28.09.2018.

We further report that

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

**DIRECTORS' REPORT****ANNEXURE III**

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

Majority decisions are carried through while the dissenting member's views, if any, are captured and recorded as part of the minutes.

We further report that during the under review

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The Company has received Closure Orders of Factory situated at Sadasivpet, from Telangana State Pollution Control Board (TSPCB) on 20.10.2018 with regards to non-compliances of pollution norms. The Management has taken serious steps to make sure that the Company shall comply with all the provisions of TSPCB in future without any minor lapses and had submitted all the necessary documents to TSPCB authorities to get the revocation order.

TSPCB has reviewed all the documents has issued the temporary revocation of factory closure order to the Company on 08.11.2018 after inspection of factory with respect to pollution control issues and by considering all the measures taken by the company for the same.

Further after careful consideration and analysis of the material facts of the case, TSPCB found that the management has taken adequate steps to comply with the provisions of TSPCB towards the environmental safety and had issued the Permanent Revocation of Closure Order on 28.03.2019.

Place: Hyderabad

Dated : 30.07.2019

For D.HANUMANTA RAJU & CO

COMPANY SECRETARIES

Sd/-

CS SHAIK RAZIA

PARTNER

FCS: 7122, CP No. 7824

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

**'Annexure A'**

To,

The Members,

EVEREST ORGANICS LIMITED

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the company.

Place: Hyderabad

Dated : 30.07.2019

**For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES**

Sd/-

**CS SHAIK RAZIA
PARTNER**

FCS: 7122, CP NO: 7824



DIRECTORS' REPORT

ANNEXURE IV

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

As on financial year ended on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L24230TG1993PLC015426
2.	Registration Date	19/02/1993
3.	Name of the Company	Everest Organics Limited
4.	Category/Sub-category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	Aroor Village, Sadasivapet Mandal, Sangareddy (Medak) District - 502 291, Telangana, India Email id: drksraju@gmail.com Contact No. 08455-250113
6.	Whether listed company	Yes (Listed in BSE)
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mr. P. V. Srinivasa Rao M/s. Venture Capital and Corporate Investments (P) Ltd. 12-10-167, Bharat Nagar, Hyderabad – 500018, Telangana, India Ph.:040-23818475, 476

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacture of Active Pharmaceutical Ingredients & Intermediaries	210	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

S. No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1	N. A.	N. A.	N. A.	N. A.	N. A.



DIRECTORS' REPORT

ANNEXURE IV

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS AND PROMOTER GROUP									
(1) Indian									
a) Individual/HUF	1799686	0	1799686	22.50	1806686	0	1806686	22.58	+0.08
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	3885546	0	3885546	48.57	3885546	0	3885546	48.57	0.00
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (1)	5685232	0	5685232	71.07	5692232	0	5692232	71.15	+0.08
(2) Foreign									-
a) NRI-Individuals	169128	0	169128	2.11	169128	0	169128	2.11	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	169128	0	169128	2.11	169128	0	169128	2.11	0.00
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	5854360	0	5854360	73.18	5861360	0	5861360	73.27	+0.09
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	2214	0	2214	0.03	2214	0	2214	0.03	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00



DIRECTORS' REPORT

ANNEXURE IV

i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	2214	0	2214	0.03	2214	0	2214	0.03	0.00
(2) Non Institutions									
a) Bodies Corp.	220998	10836	231834	2.90	227474	10836	238310	2.98	+0.08
i) Indian	0	0	0	0.00	0	0	0	0	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	720469	384374	1104843	13.81	746060	343118	1089178	13.61	-0.20
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	338353	0	338353	4.23	339047	0	339047	4.24	+0.01
c) Others (specify)									
Clearing Members	5861	0	5861	0.07	5025	0	5025	0.06	-0.01
Trust	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Individuals	212515	250020	462535	5.78	261538	203328	464866	5.81	+0.03
SUB TOTAL (B)(2):	1498196	645230	2143426	26.79	1579144	557280	2136426	26.71	-0.08
Total Public Shareholding (B)= (B)(1)+(B)(2)	1500410	645230	2145640	26.82	1581358	557282	2138640	26.73	-0.09
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	7354770	645230	8000000	100.00	7442718	557282	8000000	100.00	0.00

ii. Shareholding of Promoters / Promoter Group

S. No.	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	Sri Kakarlapudi Sri Hari Raju	1537334	19.22	0	1544334	19.30	0	+0.08
2	Sri Kakarlapudi Krishna Veni	1440	0.02	0	1440	0.02	0	0.00
3	Hari Krishna SK	5996	0.07	0	5996	0.07	0	0.00

**DIRECTORS' REPORT****ANNEXURE IV**

4	S K G Parvathi	31752	0.40	0	31752	0.40	0	0.00
5	Kakarlapudi Raju Sitarama	113508	1.42	0	113508	1.42	0	0.00
6	Sri Kakarlapudi Sirisha	109656	1.37	0	109656	1.37	0	0.00
7	Veerat Finance & Investment Limited	3885546	48.57	0	3885546	48.57	0	0.00
8	Nadimpalli V Raju	112788	1.41	0	112788	1.41	0	0.00
9	Rajgopal Rangineni	56340	0.70	0	56340	0.70	0	0.00
	Total	5854360	73.18	0	5861360	73.27	0	+0.09

iii. Change in Promoters' Shareholding (Please specify if there is *No change)

S. No.	Shareholder's Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	Sri Kakarlapudi Srihari Raju				
	At the beginning of the year	1537334	19.22	1537334	19.22
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/ sweat equity etc.)	Dated: 16-10-2018 Increase in shareholding through open market purchase		7000	0.08
	At the end of the year	1544334	19.30	1544334	19.30

*Note: There are no changes in the other promoters' shareholding.

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

S. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Ajay Kumar Kayan	208800	2.61	185232	2.32
2	Prasanna Challa	129553	1.62	129553	1.62
3	Madras Parameswaran Manoj Mahadev	84966	1.06	82511	1.03
4	Jalasree Challa	43200	0.54	41599	0.52
5	Srinivas Polavarapu	0	0	24262	0.30
6	Ch Hemantha Kumar	23616	0.30	23616	0.30



DIRECTORS' REPORT

ANNEXURE IV

7	Prabhakara Reddy Kaliki	22572	0.28	22572	0.28
8	Jamuna Hindupur	22536	0.28	22536	0.28
9	K Prabhakar Reddy	22536	0.28	22536	0.28
10	Jamuna Hindupur Mohan R Hindupur	22464	0.28	22464	0.28

v. Shareholding of Directors and Key Managerial Personnel

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sri Kakarlapudi Srihari Raju				
	At the beginning of the year	1537334	19.22	1537334	19.22
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	Dated: 16-10-2018 Increase in shareholding through open market purchase		7000	0.08
	At the end of the year	1544334	19.30	1544334	19.30
2	Srikakarlapudi Hari Krishna				
	At the beginning of the year	5996	0.07	5996	0.07
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	5996	0.07	5996	0.07
3	Sirisha Srikakarlapudi				
	At the Beginning of the year	109656	1.37	109656	1.37
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	109656	1.37	109656	1.37
4	Raju Sitaram Kakarlapudi				
	At the Beginning of the year	113508	1.42	113508	1.42
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-



DIRECTORS' REPORT

ANNEXURE IV

	At the end of the year	113508	1.42	113508	1.42
5	Ramakrshnam Raju Kounparaju				
	At the Beginning of the year	720	0.01	720	0.01
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	720	0.01	720	0.01
6	Akella Parvatisem				
	At the Beginning of the year	36	0.00	36	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	36	0.00	36	0.00
7	Sreeramakrishna Grandhi				
	At the Beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	0	0.00	0	0.00
8	Swaminathan Venkatesan				
	At the Beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	0	0.00	0	0.00



DIRECTORS' REPORT

ANNEXURE IV

9	P. Ramakrishna				
	At the Beginning of the year	13248	0.17	13248	0.17
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	13248	0.17	13248	0.17
10	Rekha Singh				
	At the Beginning of the year	0	0.00	0	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year	0	0.00	0	0.00

V. INDEBTEDNESS

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

					(Rs.)
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year					
i) Principal Amount	20,54,96,148	1,64,69,659	-	22,19,65,807	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
Total (i+ii+iii)	20,54,96,148	1,64,69,659	-	22,19,65,807	
Change in Indebtedness during the financial year					
Additions	44,66,874	1,75,00,000	-	2,19,66,874	
Reduction	-	-	-	-	
Net Change	44,66,874	1,75,00,000	-	2,19,66,874	
Indebtedness at the end of the financial year					
i) Principal Amount	20,99,63,022	3,39,69,659	-	24,39,32,681	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	-	-	-	-	
Total (i+ii+iii)	20,99,63,022	3,39,69,659	-	24,39,32,681	



DIRECTORS' REPORT

ANNEXURE IV

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount in Rs.
		Dr. S. K. Srihari Raju	Akella Parvathisem	Srikakarlalapati Hari Krishna	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax 1961.	30,00,000	18,00,000	9,00,000	57,00,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	30,00,000	18,00,000	9,00,000	57,00,000
	Ceiling as per the Act				

B. Remuneration to other directors:

S. No	Particulars of Remuneration	Name of the Directors			Total Amount in Rs.
		Swaminathan Venkatesan	Sree Ramakrishna Grandhi	Ramakrishna Raju Kounparaju	
1	Independent Directors				
	(a) Fee for attending board committee meetings	70,000	50,000	70,000	1,90,000
	(b) Commission				
	(c) Others, please specify				
	Total (1)	70,000	50,000	70,000	1,90,000
2	Other Non-Executive Directors	Srikakarlalapati Sirisha	Kakarlalapati Sitarama Raju		
	(a) Fee for attending board committee meetings	30,000	10,000		40,000
	(b) Commission				
	(c) Others please specify.				
	Total (2)	30,000	10,000		40,000
	Total (B)=(1+2)	1,00,000	60,000	70,000	2,30,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act.				



DIRECTORS' REPORT

ANNEXURE IV

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

S. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.		7,50,000	9,00,000	16,50,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-		-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-		-
2	Stock Option	-	-		-
3	Sweat Equity	-	-		-
4	Commission	-	-		-
	as % of profit	-	-		-
	others, specify	-	-		-
5	Others, please specify	-	-		-
	TOTAL	-	7,50,000	9,00,000	16,50,000

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	No Penalties, Punishments & Compounding of Offences				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	No Penalties, Punishments & Compounding of Offences				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	No Penalties, Punishments & Compounding of Offences				
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 30.07.2019Sd/-
K. Ramakrishnam Raju
Chairman
DIN: 01735481Sd/-
Dr. S.K Srihari Raju
Managing Director
DIN: 01593620



DIRECTORS' REPORT

ANNEXURE V

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH
RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

Steps taken or impact on conservation of energy	Old boiler is replaced with new high efficient boiler, there by conserving coal 2 tonnes /day (720 tonnes per year). As it is automatic system boiler, power saving is also addressed.
Steps taken by the company for utilizing alternate sources of energy	Already solar power generator exists. 40% of the power consumption is from solar energy only.
Capital investment on energy conservation equipments	1.5 crores is the capital investment on conservation equipments.

(B) Technology absorption:

Efforts made towards technology absorption	<ol style="list-style-type: none"> 1. New products introduced and commercialized 2. Improvement of yields and quality in introduced new products 3. Reduced the effluents in existing products 4. Introduced the new products 5. Developments in existing products.
Benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> 1. Implemented and commercialized the new products 2. Improved the quality and yields in existing products 3. Improved the quality and yields in introduced new products 4. Reduced the effluents in some existing products.
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	
Year of import	
Whether the technology has been fully absorbed	
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
Expenditure incurred on Research and Development	

(C) Foreign exchange earnings and Outgo:

Amount in Rs. Lakhs

	1st April, 2018 to 31st March, 2019 [Current F.Y.]	1st April, 2017 to 31st March, 2018 [Previous F.Y.]
Actual Foreign Exchange earnings	3,960.43	2,758.52
Actual Foreign Exchange outgo	1,652.19	952.20

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 30.07.2019Sd/-
K. Ramakrishnam Raju
Chairman
DIN: 01735481Sd/-
Dr. S.K Srihari Raju
Managing Director
DIN: 01593620



DIRECTORS' REPORT

ANNEXURE VI

DISCLOSURE FOR THE RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES FOR THE FINANCIAL YEAR:

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5 (1) (i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year are as follows:

S.No.	Name of Director	Remuneration Per Annum	Median Remuneration Per Annum	Ratio
1.	Dr. Sri Kakarlapudi Srihari Raju	Rs. 30,00,000/-	Rs. 1,80,000/-	16.66
2.	Akella Parvatisem	Rs. 18,00,000/-	Rs. 1,80,000/-	10.00
3.	Sri Kakarlapudi Harikrishna	Rs. 9,00,000/-	Rs. 1,80,000/-	5.00

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2018-19:

Name	Designation	Percentage increase in remuneration
Dr. Sri Kakarlapudi Srihari Raju	Managing Director	NIL
Mr. Sri Kakarlapudi Harikrishna	Whole-time Director	NIL
Mr. Akeella Parvatisem	Technical Director	NIL
Mr. Peruri Ramakrishna	Chief Financial Officer	15.38%
Ms. Rekha Singh	Company Secretary	NIL

The percentage increase in the median remuneration of Employees for the financial year increased by 25%.

Note :

- a) The Non-Executive Directors of the Company are not entitled for remuneration and are paid only sitting fees for attending the meetings, as such provisions of the said section is not applicable to them.
- b) Percentage increase in remuneration indicates annual target, total compensation increases, as approved by the Nomination and Remuneration Committee of the Company during the financial year 2018-19.
- c)
 - i. The Company has 372 permanent Employees on the rolls of Company as on March 31, 2019.
 - ii. Employees for the purpose above include all employees excluding employees governed under collective bargaining.
 - iii. Relationship between average increase in remuneration and Company's performance: Every year, the salary increases for the Company are decided on the basis of a benchmarking exercise that is undertaken with similar profile organizations. The final salary increases given are a function of Company's overall business affordability. During the year, similar approach was followed to establish the remuneration increases to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Salary increases during the year were in line with Company's performance.
 - iv. Comparison of the remuneration of the Key Managerial Personnel against the performance of the

**DIRECTORS' REPORT**

Company: In line with Company's reward philosophy, merit increases and annual bonus pay-outs of its Employees including Key Managerial Personnel are directly linked to individual performance as well as that of the business. Given the superior business performance and the performance rating of the Key Managerial Personnel, appropriate reward by way of merit increase have been awarded to the Key Managerial Personnel for the current year. This was duly reviewed and approved by the Nomination & Remuneration Committee of the Company. During the financial year under review, the turnover of Company was Rs 1,55,84,95,191/- (Rupees One Hundred Fifty Five Crores Eighty Four Lakhs Ninety Five Thousand One Hundred One only). The PAT (Profit After Tax) of company is reached at Rs 7,50,85,785/- (Rupees Seven Crore Fifty Lakh Eighty Five Thousand Seven Hundred Eighty Five only).

- v. The trading in shares on BSE last traded price was Rs. 162.80/-.
- vi. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 24.64% whereas the increase in the managerial remuneration was NIL. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.
- vii. The key parameters for any variable component of remuneration: Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. Annual Bonus is directly linked to an individual performance rating and business performance. At the start of the year, every Employee (including Executive Directors), have key targets assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch. Business targets are a combination of goals such as Underlying Volume Growth, Underlying Sales Growth, Core Operating Margin etc.
- viii. The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Not Applicable.
- ix. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 30.07.2019

**Sd/-
K. Ramakrishnam Raju
Chairman
DIN: 01735481**

**Sd/-
Dr. S.K Srihari Raju
Managing Director
DIN: 01593620**

**CERTIFICATE FOR COMPLIANCE WITH ACCOUNTING STANDARDS AND CODE OF CONDUCT****COMPLIANCE CERTIFICATE BY CHIEF EXECUTIVE OFFICER (CEO)**
AND CHIEF FINANCIAL OFFICER (CFO)

(Pursuant to Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We, Dr. Srikakarlapudi Srihari Raju, Managing Director and Peruri Ramakrishna, Chief Financial Officer (CFO) of Everest Organics Limited, to the best of our knowledge and belief, certify that:

We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2019 and 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 Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the years which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and 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, wherever applicable;

- i Significant changes in internal controls over financial reporting during the year.
- ii Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
- iii Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **EVEREST ORGANICS LIMITED**

Sd/-

Dr. Sri Kakarlapudi Srihari Raju

Managing Director

DIN : 01593620

Sd/-

Mr. Peruri Ramakrishna

CFO

Place: Hyderabad

Date: 30.07.2019



CERTIFICATE FOR COMPLAINE WITH ACCOUNTING STANDARDS AND CODE OF CONDUCT

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Compliance of Code of Conduct for Directors and Senior Management Personnel pursuant to provisions as provided under Schedule V of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

The Board laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct is also posted on the website of the Company.

The Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct on an annual basis in respect of the financial year ended March 31, 2019.

On behalf of Board

For **Everest Organics Limited**

Place: Hyderabad

Date: 30.07.2019

Sd/-

Dr. Sri Kakarlapudi Srihari Raju

Managing Director

DIN: 01593620

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The information is required in compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forming a part of the Boards' Report for the year ended March 31, 2019 and has to be read in Conjunction with the Company's financial statements, which follows this Section. The management of the company is presenting herein the overview, opportunities and threats, initiatives by the Company and overall strategy of the company and its outlook for the future. This outlook is based on management's own assessment and it may vary due to future economic and other future developments in the country.

INDUSTRY STRUCTURE & DEVELOPMENTS:

Indian Pharmaceuticals industry enjoys an important position in the global pharmaceuticals industry. The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth-largest in terms of value. It has highest number of USFDA plants outside the USA. It's amongst the global leaders in providing quality generics to the world.

Industry is gearing up for the next level off growth driven by shift towards specialty products, customer centricity, focus on improving quality, operational efficiency and productivity and selective mergers and acquisitions. Even though growth has slowed down recently in the event of GST and demonetization we believe it will be in the top 10 global markets by 2020.

The Company was operating in the Chemical industries, mainly engaged in the manufacturing of Active Pharmaceutical Ingredients and Intermediaries. Financial Year 2018-19 was of a significant growth in the history of the Company. The Directors from time to time has always considered the proposal for diversification into the areas which would be profitable for the Company. Going ahead your Directors are expecting better industrial development in the coming years.

MARKETING & MARKET SIZE:

The global Active Pharmaceutical Ingredients (API) market was valued at USD 165.74 billion in 2018 and is estimated to reach USD 236.7 billion in 2024 witnessing a CAGR of 6.1%. The API market has traditionally been dominated by drugs, such as anti-infectives and the diabetes, cardiovascular, analgesics and pain management drugs. However, as per R&D trends, the demand is shifting towards development of complex APIs used in novel formulations, targeting niche therapeutic areas.

A large number of drugs are in the pipeline to develop treatments for cancer, autoimmune disorder and metabolic diseases. Owing to the rising prevalence of cancer, several manufacturers are venturing into the development of highly potent APIs (HPAPI_ and speciality APIs, in order to cater to the rising demand for these products.

Pharma Sector In- API

APIs are the Lifeblood for pharma Industry. Currently, more than 3,000 API manufacturing groups are operating across the globe. The capabilities and experience of API manufacturers using a proprietary scheme based on objective regulatory data. The majority of API groups, 64% are focused on or may only be capable of supplying their domestic market or less regulated market and 17%, are classified as "potential future"; these companies are interested in supplying to regulated markets but may have limited or no known experience. And there are currently 18 % API manufacturers classified as "established" or "less established" which means these companies are capable of supplying highly regulated markets such as the U.S. and EU. Big Pharma only accounts for 1% of API manufacturers.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****INVESTMENTS AND RECENT DEVELOPMENTS:**

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.93 billion between April 2000 and December 2018, according to data released by the Department for Promotion of industry and Internal Trade (DPIIT).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In February, 2019, the Indian pharmaceutical market grew by 10 percent year-on-year.
- Between Jul-Sep 2018, Indian pharma sector witnessed 39 PE investment deals worth US\$ 217 million.
- Investment (as % of sales) in research & development by Indian pharma companies increased from 5.3 per cent in FY12 to 8.5 per cent in FY18
- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US\$ 1.47 billion.
- The exports of Indian pharmaceutical industry to the US will get a boost as branded drugs worth US\$ 55 billion will become off-patent during 2018-2020

GOVERNMENT INITIATIVES:

Some of the initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The allocation to the Ministry of Health and Family Welfare has increased by 13.1 per cent to Rs. 61,398 crore (US\$ 8.98 billion) in Union Budget 2019-20.
- In October 2018, the Uttar Pradesh Government announced that it will set up six pharma parks in the state and has received investment commitments of more than Rs. 5,000-6,000 crore (US\$ 712-855 million) for the same
- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments.
- The government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

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

a) Strengths

- Strong technical, finance and administrative expertise in pharma industries.
- Higher GDP growth leading to increased disposable income in the hands of general public and their positive attitude towards spending on healthcare.
- Low-cost, highly skilled set of English speaking labour force and proven track record in design of high technology manufacturing devices.
- Strong focus by the Government.
- Low cost of innovation, manufacturing and operations.
- Adherence to global standards.
- Adequate health insurance coverage.

b) Weaknesses

- Stringent pricing regulations affecting the profitability of pharma companies.
- Poor all-round infrastructure is a major challenge.
- Presence of more unorganised players versus the organized ones, resulting in an increasingly competitive environment, characterised by stiff price competition.

c) Opportunities

- Entering into Research & Development sector
- Global demand for generics rising.
- Rapid OTC and generic market growth.
- Increased penetration in the non - metro markets.
- Large demand for quality diagnostic services.
- Significant investment from MNCs.
- Public-Private Partnerships for strengthening Infrastructure.
- Opening of the health insurance sector and increase in per capita income - the growth drivers for the pharmaceutical industry.
- India, a potentially preferred global outsourcing hub for pharmaceutical products due to low cost of skilled labour.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****d) Threats**

- Global Competition.
- Narrow margin of Profits.
- Increasing stringency on quality.
- Increasing CGMP regulatory requirement compliances leads to more and more investment.
- Wage inflation.
- Government expanding the umbrella of the Drugs Price Control Order (DPCO).
- Other low-cost countries such as China and Israel affecting outsourcing demand for Indian pharmaceutical products
- Entry of foreign players (well equipped technology-based products) into the Indian market.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has an adequate system of internal controls comprising authorization levels, supervision, checks and balance and procedures through documented policy guidelines and manuals, which provide that all transaction are authorized, recorded and reported correctly and compliance with policies and statutes are ensured. The operational managers exercise their control over business processes through operational systems, procedural manual and financial limits of authority manual, which are reviewed and updated on an ongoing basis to improve the systems and efficiency of operations. The Company place prime importance on an effective internal audit system. The Internal Control System is supplemented by internal audit, regular review by the management and well documented policies. The Company has an independent Internal Audit System to monitor the entire operations and services. The top management and Audit Committee of the Board review the findings of the Internal Auditor and takes remedial actions accordingly.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

During the year under review, the Company has achieved a turnover of INR 1558 million as against INR 1122 million in the previous year reflecting a significant year-on-year growth of 38.86%.

During the year the Company has earned a Net Profit of INR 75 million as against Net Profit of INR 17 million in the previous year, registering a significant growth in Profit-after-tax (PAT) of 338%. The Company has made a provision of INR 30 million for Tax Expenses. No transfers from the profits were made to the General Reserve. The entire net profit is carried over in the Statement of Profit & Loss.

The Earning per shares (EPS) of the Company as on March 31, 2019 was INR 9.39 as against INR 3.23 in the previous year.

BUSINESS UPDATES:

- New R&D Centre at factory premises, has been kept in operation.
- New API product are in scale up stage and market seeding is going on.
- The long Term Financial Credit Rating (ICRA) is BB(positive) dated January 2019.
- Adding new market in export area.
- Applying for CEP certification for 2 more products.
- Applying for import Drug License for 2 more products in China.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****INDUSTRIAL RELATIONS AND HUMAN RESOURCE DEVELOPMENT:**

The focus is on capability development, performance management and employee engagement. This is expected to improve cost competitiveness through greater levels of employee participation, commitment and involvement.

The Company recognizes human resources as its biggest strength which has resulted in getting acknowledgement that the Company is the right destination where with the growth of the organization, value addition of individual employees is assured. The company provides employee development opportunities by conducting training programs to equip the employee with upgraded skills enabling them to adapt to the contemporary technological advancements. The total number of employees as on March 31, 2019 is about 372.

CAUTIONARY STATEMENT:

Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, exceptions or predictions may be forward looking statements and are based on certain assumptions and exception of future events. Actual result could however differ materially from those express or implied. Important factors that could make a difference to the Company's operations including global and domestic demand-supply condition, finished goods process, raw material cost and availability, changes in government regulations and tax structure, economic development within India and the Countries with which the Company has Business Contracts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward looking statement herein which may undergo changes in future on the basis of subsequent developments, information and events.

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 30.07.2019

**Sd/-
K. Ramakrishnam Raju
Chairman
DIN: 01735481**

**Sd/-
Dr. S.K Srihari Raju
Managing Director
DIN: 01593620**

**AUDITORS' REPORT****INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF
EVEREST ORGANICS LIMITED.**

QUALIFIED OPINION

We have audited the accompanying financial statements of Everest Organics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind-AS specified under Section 133 of the Act of the state of affairs (financial position) of the Company as at 31 March 2019 and its profit (financial performance including other comprehensive income) its cash flows and the changes in equity for the year ended on that date.

BASIS FOR QUALIFIED OPINION :

- a) As stated in Note 27 (1)(L) to the financial statements of the Company as at 31st March, 2019 under report, the outstanding provision made in connection with liability for payment of Gratuity stands at Rs.82.03 Lakhs. As against the said liability of Rs.82.03 Lakhs the company has deposited only part of the contribution to the Fund. And also, the provision is made or calculated as per the assessment of the management, but not as per the actuarial valuation as required under the Indian Accounting Standards.

As per the requirement of the Indian Accounting Standard-19 on Employee Benefits, such liability should have been deposited in total in a fund as against a partial sum. Our audit opinion on the financial statements for the year ended 31st March, 2019 is qualified in respect of this matter.

The management is of the opinion, the entire liability in this regard has been provided and hence does not have any impact on the profit and loss account of the company for the year and the Balance Sheet of the Company as on 31st March, 2019.

- b) The company in the past has extended interest free advances to employees in the nature of incentives. The amount outstanding as on 31-03-2019 in this regards is Rs 18.50 lakhs. The management is in the process of recovering such balances. Consequently, in accordance with the requirements of Ind AS, the impairment in the reported value upon the fair value is Rs 5.63 lakhs, which ought to have been charged off in the Statement of Profit & Loss Account for the year under report.

KEY AUDIT MATTERS :

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

**AUDITORS' REPORT**

provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

We draw attention to the Company's outstanding liability for the provision of balance Leave Encashment of the employees to be provided as at the end of the year under report. The management is of the opinion that the policy on leave encashment is under review and hence the liability in this regard is not ascertained. Hence, we are not in a position to ascertain the impact of the same, on the profit and loss account of the company for the year and the Balance Sheet of the Company as on 31st March, 2019.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

AUDITORS' RESPONSIBILITY

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 standards on auditing we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

**AUDITORS' REPORT**

- 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 :

As required by the Companies (Auditors' 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-A a Statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Profit and Loss Statement, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) 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 (Indian Accounting Standards) Rules, 2015 except with regard to the compliance to certain disclosure requirements there under.



AUDITORS' REPORT

- e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to Para 12 of Note No.27 to the Financial Statements.
 - (ii) The Company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SURYAM & CO
Chartered Accountants
FRN : 012181S

Sd/-
(SRINIVAS OLETI)
Partner
ICAI M.No.206457

Place : Hyderabad,
Date : 21-05-2019.

**AUDITORS' REPORT****ANNEXURE - A to the Independent Auditors' Report dt.21-05-2019 issued to the members of Everest Organics Limited**

Statement on the matters specified in Paragraphs 3 & 4 of the Companies (Auditors Report) Order, 2016

- (i) a) The Company has maintained proper records showing broad particulars including quantitative details and situation of fixed assets, on the basis of available information. However, the fixed assets register is to be updated. We are informed by the management that the company is in the process of compiling and reconstructing the Fixed Assets Register to show full particulars including quantitative details and situation of Fixed Assets.
- b) As per the information and explanations furnished to us by the management, majority of the fixed assets have been physically verified in a broad manner by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. We are informed that no material discrepancies were noticed on such verification, pending adjustment.
- c) As per the information and explanations furnished to us by the management, the title deeds of immovable properties are held in the name of the company.
- (ii) The physical verification of inventories has been conducted during the year by the management, in respect of majority of the high value items at reasonable intervals. In our opinion, the frequency of such verification is reasonable.

The discrepancies, that were noticed have been properly dealt with in the books of account.

- (iii) As per the information and explanations furnished to us by the management and as per the books of account and other documents examined by us, the company has not granted any loans secured or unsecured to companies, firms, limited partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) As per the information and explanations furnished to us by the management and as per the books of accounts and other documents examined by us, the company has not given any loans, made investments, given guarantees, securities to the parties to which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable.
- (v) According to the information and explanations given to us the Company has not accepted deposits, to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or the other relevant provisions of the Companies Act, and the rules framed there under, wherever applicable, from the public.

However, there are certain unsecured loans, accepted from Directors and their relatives and also in the form of employee security deposits, amounting to Rs.339.68 lakhs as at 31-03-2019 (Rs.164.70 lakhs as at 31-03-2018).

- (vi) As per the information and explanations furnished to us, prima facie, it appears that the company broadly meets the requirement prescribed by the Central Government under section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) a) As per the information and explanations furnished to us by the management, according to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax (Except FBT of Rs.2.20 lakhs), Sales Tax, Service Tax, duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues have been generally deposited

**AUDITORS' REPORT**

with the appropriate authorities, with delays. However, according to the information and explanations given to us, no other undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2019 for a period of more than six months from the date they became payable.

- (b) As per the information and explanations furnished to us by the management, there are no dues of income tax, sales tax or service tax or duty of customs or duty of excise or value added tax that have not been deposited on account of any dispute.
- (viii) As per the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to the Banks or Government. The company has not made any borrowings from the financial institutions or debenture holders.
- (ix) During the year the company has not raised money by way of initial public offer or further public offer (including debt instruments). As per the information and explanations given to us, the term loans raised during the year were applied for the purposes for which the same were raised.
- (x) During the year under review, no fraud by the company or on the company by its officers or employees has been noticed or reported.
- (xi) As per the information and explanations given to us by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi company. Hence Clause (xii) is not applicable to the company.
- (xiii) As per the information and explanations given to us and based on our audit, in our opinion, the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) As per the information and explanations and based on examination, the company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934..

For SURYAM & CO
Chartered Accountants
FRN : 012181S

Sd/-
(SRINIVAS OLETI)
Partner
ICAI M.No.206457

Place : Hyderabad,
Date : 21-05-2019.

**AUDITORS' REPORT****Annexure-B to the Independent Auditors' Report of even date on the Financial Statements of Everest Organics Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") :**

We have audited the internal financial controls over financial reporting of Everest Organics Limited ("the Company") as of 31st March, 2019 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by the Institute of Chartered Accountants of India and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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

**AUDITORS' REPORT**

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion :

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, 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. However the following internal financial controls are essential and desirable.

- a) The system of physical verification of fixed assets, tagging of fixed assets, and computerization of records needs to be improved to be commensurate with the size of the company & level of operations.
- b) The system of physical verification of inventories, tagging of inventories, recognition & valuation of inventories needs to be further improved to be commensurate with the size of company & level of operations.
- c) The system of obtaining periodical confirmation of balances from Debtors, Creditors, Advances, Deposits, etc. needs to be improved to be commensurate with the size of company.
- d) The system of obtaining comparative quotations from different independent parties and keeping them on record needs to be further strengthened to be commensurate with the size of the company and nature of operations of the Company.
- e) The method of customer evaluation needs to be further improved for extending credit to the customers.

For SURYAM & CO
Chartered Accountants
FRN : 012181S

Sd/-
(SRINIVAS OLETI)
Partner
ICAI M.No.206457

Place : Hyderabad,
Date : 21-05-2019.

**BALANCE SHEET****PART 1 - BALANCE SHEET (CIN : L24230TG1993PLC015426)****EVEREST ORGANICS LIMITED
BALANCE SHEET AS AT 31-03-2019****(Rupees)**

	Particulars	Note No.	As at 31-Mar-2019	As at 31-Mar-2018
1	ASSETS			
	Non-current assets			
	(a) Property, Plant and Equipment	1	384,966,079	338,023,501
	(b) Capital Work-in-Progress	2	2,126,408	5,405,001
	(c) Financial Assets			
	(i) Investments	3	845,408	845,408
	[d] Other Non-Current Assets	4	16,336,682	16,916,777
	Total Non Current Assets (A)		404,274,577	361,190,687
2	Current assets			
	(a) Inventories	5	184,540,843	138,746,065
	(b) Financial assets			
	(i) Investments		-	-
	(ii) Trade receivables	6	407,093,239	382,445,154
	(iii) Cash and cash equivalents	7	19,615,884	12,697,402
	(c) Other Current Assets	8	57,253,231	47,795,404
	Total Current Assets (B)		668,503,198	581,684,025
	TOTAL ASSETS [(C) = (A) +(B)]		1,072,777,773	942,874,710
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital	9	80,000,000	80,000,000
	(b) Other Equity	10	179,755,768	106,821,994
	Total Equity (D)		259,755,768	186,821,994
	LIABILITIES			
1	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	11	48,332,932	64,529,033
	(b) Deferred Tax Liabilities (Net)		21,187,818	-
	(b) Other Non-Current Liabilities	12	34,190,629	17,324,659
	Total Non Current Liabilities (E)		103,711,379	81,853,692
2	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	13	140,008,808	125,498,363
	(ii) Trade Payables	14	494,496,430	485,730,016
	(iii) Other Financial Liabilities	15	21,621,282	26,716,311
	(b) Other current liabilities	16	17,980,786	22,722,816
	(c) Provisions	17	8,203,319	7,031,518
	(d) Current tax liabilities (net)	18	27,000,000	6,500,000
	Total Current Liabilities (F)		709,310,626	674,199,024
	TOTAL EQUITY AND LIABILITIES [G] = (D)+(E)+(F)]		1,072,777,773	942,874,710

Significant Accounting Policies and Notes on Accounts thereon 27 forms an integral part of accounts.

As per our report even date
for SURYAM & Co.
Chartered Accountants
FRN - 12181S

Sd/-
SRINIVAS OLETI
Partner
ICAI M.No.206457

Place: Hyderabad
Date: 21-05-2019

Sd/-
P.RAMA KRISHNA
Chief Financial Officer

Sd/-
REKHA SINGH
Company Secretary

For and on behalf of the Board
EVEREST ORGANICS LIMITED

Sd/-
Dr.S.K.SRIHARI RAJU
Managing Director
DIN: 01593620

Sd/-
A.PARVATISEM
Technical Director
DIN: 00910224



STATEMENT OF PROFIT AND LOSS

PART II - STATEMENT OF PROFIT AND LOSS ACCOUNT

EVEREST ORGANICS LIMITED

Statement of Profit and Loss Account for the year ended 31.03.2019

(Rupees)

	Particulars	Note No.	For the Year Ended 31-Mar-2019	For the Year Ended 31-Mar-2018
I	Revenue From Operation	19	1,558,495,191	1,121,713,760
II	Other Income	20	5,435,282	7,017,236
III	Total Income (I+II)		1,563,930,473	1,128,730,996
IV	EXPENSES			
	Cost of materials consumed	21	957,173,957	720,759,441
	Changes in Inventories of finished goods, work-in-progress and stock-in Trade	22	(21,526,196)	(23,904,777)
	Employee benefits Expenditure	23	116,416,426	93,403,806
	Finance Cost	24	32,132,959	27,426,255
	Depreciation and amortisation expenses	25	28,358,426	26,757,784
	Other expenses	26	328,101,297	260,649,139
	Total Expenses (IV)		1,440,656,870	1,105,091,647
V	Profit/(loss) before exceptional items and tax(III-IV)		123,273,603	23,639,349
VI	Exceptional Item		-	-
VII	Profit/(loss) before tax (V-VI)		123,273,603	23,639,349
VIII	Tax Expenses			
	(1) Current tax		27,000,000	6,500,000
	(2) Deferred tax		21,187,818	-
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)		75,085,785	17,139,349
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of Discontinued operations		-	-
XII	Profit/(Loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		75,085,785	17,139,349
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss (Insurance Claims of earlier period)		-	8,704,900
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	B (i) Item that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		75,085,785	25,844,249
XVI	Earnings per equity share (for continuing operation):			
	(1) Basic		9.39	3.23
	(2) Diluted		9.39	3.23
XVII	Earnings per equity share (for discontinued operation):			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings per equity share (for discontinued & continuing operations)			
	(1) Basic		9.39	3.23
	(2) Diluted		9.39	3.23

Significant Accounting Policies and Notes on Accounts thereon forms an integral part of accounts.

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As per our report even date for SURYAM & Co.

Chartered Accountants
FRN - 12181S

Sd/-
SRINIVAS OLETI
Partner
ICAI M.No.206457

Place: Hyderabad
Date: 21-05-2019

Sd/-
P.RAMA KRISHNA
Chief Financial Officer

Sd/-
REKHA SINGH
Company Secretary

For and on behalf of the Board
EVEREST ORGANICS LIMITED

Sd/-
Dr.S.K.SRIHARI RAJU
Managing Director
DIN: 01593620

Sd/-
A.PARVATISEM
Technical Director
DIN: 00910224

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

SCHEDULE - 1									
Property, Plant and Equipment									
S.No.	Particulars	Gross Block			Depreciation			(Amount in Rupees) Net Block	
		As At 01.04.18	Additions During the year	Deletions / transfer during the year	As At 31.03.19	As At 01.04.18	for the year	Deletions during the year	As At 31.03.19
1	Land & Land Development	5,308,474	-	-	5,308,474	-	-	-	5,308,474
2	Factory Buildings	66,831,958	7,475,426	-	74,307,384	30,143,129	2,941,866	-	41,222,389
3	Plant & Machinery & Utilities	567,304,620	59,893,775	-	627,198,395	278,101,429	23,116,533	-	325,980,433
4	R&D Cap	1,634,200	5,886,885	-	7,521,085	139,691	520,144	-	6,861,250
5	Office Equipment	3,251,880	217,282	-	3,469,162	2,496,174	332,199	-	640,789
6	Computers	3,391,611	209,761	-	3,601,372	2,829,424	320,287	-	451,661
7	Furniture & Fittings	4,587,745	208,750	-	4,796,495	2,315,504	446,346	-	2,034,645
8	Vehicles	6,427,621	1,409,124	-	7,836,745	4,689,256	681,051	-	2,466,438
	Total (A)	658,738,108	75,301,004	-	734,039,112	320,714,607	28,358,426	-	349,073,033
									338,023,501
SCHEDULE - 2									
Capital Work-in-Progress									
1	Buildings	-	13,362,311	13,362,311	-	-	-	-	-
2	Plant & Machinery & Others	54,05,001	56,615,183	59,893,775	2,126,408	-	-	-	2,126,408
	Total (B)	54,05,001	69,977,494	73,256,086	2,126,408	-	-	-	2,126,408
									5,405,001
<p>1. Fixed Assets are stated at historical cost of acquisition net of GST and other applicable taxes, and is inclusive of incidental expenses and the proportionate expenditure to bring such assets to its present location.</p> <p>2. Depreciation on fixed assets is provided on the basis of straight line method on the basis of useful life of the assets at the rates provided for in the Schedule - II of the Companies Act, 2013 for the actual period of the usage of the assets.</p> <p>3. The Management is in the process of evaluating the fixed assets of the Company to ascertain and check on impairment. The impact of such impairment if any shall be dealt with on completion of such exercise. However, the management states that there has been no impairment loss during the year, and the amount of assets represents the fair values as at the end of each of the years on conservative basis.</p>									
As per our report even date for SURYAM & Co. Chartered Accountants FRN - 121815					For and on behalf of the Board EVEREST ORGANICS LIMITED				
Sd/- Srinivas Oleti Partner ICAI M.No.206457					Sd/- Dr.S.K.SRIHARI RAJU Managing Director DIN: 01593620				
Sd/- REKHA SINGH Company Secretary					Sd/- A.PARVATISEM Technical Director DIN: 00910224				
Place: Hyderabad Date: 21-05-2019									

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

3. Financial Assets- Investments		As at 31-Mar-2019	As at 31-Mar-2018
Investment in Equity Investment			
Equity Shares in PETL		815,408	815,408
Equity Shares in SBI		30,000	30,000
Total		845,408	845,408
4. Other Non-Current Assets		As at 31-Mar-2019	As at 31-Mar-2018
Security Deposits with Others		538,743	1,438,743
Security Deposits with Government Company-TSCPDCL		6,389,989	6,089,989
Security Deposits for Mobile, Internet		82,192	82,192
Gratuity Fund Deposit		3,500,000	500,000
Loans and Advances to Employees		5,825,758	8,805,853
Total		16,336,682	16,916,777
5. Inventories		As at 31-Mar-2019	As at 31-Mar-2018
(a) Raw materials		62,776,028	38,499,658
(b) Work-in-progress		63,168,601	46,133,482
(c) Finished Goods		48,902,471	44,411,394
(d) Others			
- Stores and Spares		4,940,495	5,183,696
- Coal		4,460,288	4,360,575
- Packing Material		292,961	157,260
Total		184,540,843	138,746,065
6. Trade Receivables		As at 31-Mar-2019	As at 31-Mar-2018
Trade Receivables considered good-unsecured - morethan 6 months Less: Allowance for doubtful receivables - lessthan 6 months	44,997,868		8,191,538
	15,918,951	29,078,917	
		378,014,321	374,253,616
Total		407,093,239	382,445,154
7. Cash and cash equivalents		As at 31-Mar-2019	As at 31-Mar-2018
(a) Balances with Banks;		10,493,987	3,594,891
(b) Cash on Hand;		129,306	109,920
(c) Deposits with Kotak Mahindra Bank for LC Margin Money		8,992,591	8,992,591
Total		19,615,884	12,697,402
8. Other Current Assets		As at 31-Mar-2019	As at 31-Mar-2018
(i) Advances - Unsecured, considered good			
Advances - Capital Goods		2,524,237	6,228,173
Advances - Raw Materials		933,668	8,330,995
Advance - Consumables-Coal		9,935,836	11,616,935
Advances - Others		6,878,140	8,812,193
Other Receivables		3,840,708	5,613,482
Advance Tax		11,500,000	-
TDS Receivable		343,879	293,724
GST Input Receivable		20,546,170	-
GST- Input Tax Credit		750,595	6,899,902
Total		57,253,231	47,795,404

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

9. Equity		As at 31-Mar-2019		As at 31-Mar-2018
<u>Class of Shares - Equity Shares</u>				
<u>Authorised Capital</u>				
1,00,00,000 Equity Shares of Rs.10/- each		100,000,000		100,000,000
<u>Issued, Subscribed & Paid-up Capital</u>		80,000,000		79,882,800
Shares issued, subscribed and paid up (80,00,000 Equity Shares of Rs.10/- each fully paid up)				79,882,800
Add: Issued during the year NIL (Issued during the Previous Year 11,720 Equity shares of Rs.10/- each fully paid up)		-		117,200
Total		80,000,000		80,000,000

Note:1

No. of shares held by individuals/entities each holding more than 5% of total stake.

1. Veerat Finance & Investment Co.Ltd., (38,85,546 Equity Shares of Rs.10/- fully paid up) (CIN: U65921TG1994PLC018639) (38,85,546 Equity Shares of Rs.10/- fully paid up)	38,85,546 (48.57%)	38,85,546 (48.57%)
2. Dr.S.K.Srihari Raju (15,44,334 Equity Shares of Rs.10/- fully paid up) (15,37,334 Equity Shares of Rs.10/- fully paid up)	15,44,334 (19.30%)	15,37,334 (19.22%)

Note: 2. The Share holding of this two shareholders above are under different lock in dates in accordance with regulation 78 of SEBI(ICDR) 2009 as follows:

- (i) Veerat Finance & Investment Co.Ltd., holding 1809891 shares are locked in.
(ii) Dr.S.K.Srihari Raju holding 501829 equity shares are locked in.

Note: 3**Reconciliation of number of shares outstanding at the beginning and end of the year :**

Equity Shares of Rs.10/- each Fully paid up issued & subscribed as at the beginning of the year.

Add: Issued during the period (11720 Equity Shares of Rs.10/- each fully paid)	-	11,720
Total:	8,000,000	8,000,000

Note:

- a) There are no shares issued in last five years as fully paid up pursuant to contracts without payment being received in cash.
b) There are no shares issued in last five years as fully paid up by way of bonus shares.
c) There are no shares bought back in last five years.
d) There are no calls unpaid.
e) The Company had reduced the equity shares capital under the Capital Reduction Scheme in the year 2015 (Ratio 100:36).

10. Other Equity	Amount in Rupees			
	Reserves and Surplus			
	Securities Premium	Retained Earnings	Money received against share warrants	Total
Balance as on 31-03-2018	37,293,760	69,528,234	-	106,821,994
Restated Balance at the beginning of the reporting period	37,293,760	69,528,234	-	106,821,994
Total comprehensive income for the year	-	75,085,785	-	75,085,785
Any other change (prior period taxes)	-	(2,152,011)	-	(2,152,011)
Balance as on 31-03-2019	37,293,760	142,462,008	-	179,755,768

**SCHEDULE FORMING PART OF THE BALANCE SHEET**

(Rupees)				
11. Non Current - Financial Liabilities / Borrowings		As at 31-Mar-2019		As at 31-Mar-2018
Secured Loans				
- from banks & NBFC's				
1. Term Loan from Reliance Capital Ltd-V		-		1,494,855
2. Term Loan from Reliance Capital Ltd-VI		-		3,448,930
3. Term Loan from Kotak Mahindra Bank-VI		3,242,408		10,110,569
4. Term Loan from Reliance Commercial Ltd		1,745,406		4,359,248
5. Term Loan from Kotak Mahindra Bank-VII		35,467,888		33,867,872
6. Cholamandalam Investment and Finance Co.ltd		877,505		-
7. Sales Tax Deferment Liability (Payable as per A.P / TS State Government 14 years sales tax deferment scheme repayment commenced from 2009-10 and payable before the year 2022-23)		6,999,725		11,247,558
Total		48,332,932		64,529,033
12. Other Non-Current Liabilities		As at 31-Mar-2019		As at 31-Mar-2018
Unsecured Loans				
(i) Unsecured Loans from Directors & Near Relatives (Interest Free)		27,258,913		9,758,913
(ii) Security Deposit from Employees		6,710,746		6,710,746
(iii) Fringe Benefit Taxes for earlier years		220,970		855,000
		34,190,629		17,324,659
13. Current Financial Liabilities / Borrowings		As at 31-Mar-2019		As at 31-Mar-2018
Secured				
(a) Loans repayable on Demand				
- from Banks - Kotak Mahindra Bank Ltd				
Cash Credit	53,236,945		40,496,619	
Bills Discounting (Domestic)	48,545,937		48,389,516	
Bills Discounting (LC Backed)	-		6,568,705	
Export Packing Credit	15,084,818	116,867,700	14,627,612	110,082,452
(b) LC Bills Discounting - Bank of India & South Indian Bank		23,141,108		15,415,911
Total		140,008,808		125,498,363
14. Trade Payables		As at 31-Mar-2019		As at 31-Mar-2018
MSME Creditors for Raw Materials		116,750,076		74,495,418
Other Creditors for Raw Materials		265,757,689		314,758,631
Creditors for Expenses		54,428,967		45,706,568
MSME Creditors for Capital Goods		1,276,306		1,615,101
Other Creditors for Capital Goods		40,309,398		33,230,261
Creditors for Utilities		15,973,994		15,924,037
Total		494,496,430		485,730,016



SCHEDULE FORMING PART OF THE BALANCE SHEET

15. Other Current Financial		As at 31-Mar-2019	As at 31-Mar-2018
(a) Current maturities of long-term debt - from banks & NBFC'S			
1. Term Loan from Reliance Capital Ltd - I & II		-	343,708
2. Term Loan from Reliance Capital Ltd - III		-	711,860
3. Term Loan from Reliance Capital Ltd - IV		-	1,568,883
4. Term Loan from Reliance Capital Ltd - V		1,566,872	4,129,582
5. Term Loan from Reliance Capital Ltd-VI		3,448,930	2,978,619
6. Term Loan from Kotak Mahindra Bank Ltd - VI		6,805,104	5,951,165
7. Kotak Mahindra Prime Vehicle Loan		-	2,152,673
8. Kotak Mahindra Prime Ltd-Hyundai Creta		-	393,851
9. Term Loan from Reliance Commercial Ltd		2,636,475	2,282,592
10. Term Loan from Kotak Mahindra Bank Ltd-VII		6,943,296	6,203,378
11. Cholamandalam Investment and Finance Co.ltd		220,605	-
Total		21,621,282	26,716,311
16. Other current liabilities		As at 31-Mar-2019	As at 31-Mar-2018
Current Maturities of Deferred Payment Liability- Sales Tax		4,247,833	3,046,634
Statutory Liabilities			
a) ESI Dues	238,589		1,845,076
b) PF Dues	1,011,497		2,862,778
c) Professional Tax Dues	67,950		53,100
d) TDS Payable	2,843,392		2,907,722
e) Dues to Income Tax Department	-		12,189
f) GST Payable	3,458,566		-
Total Statutory Liabilities		7,619,994	7,680,865
Other Current Liabilities		6,112,959	11,995,317
Total		17,980,786	22,722,816
17. Provisions for Current Liabilities		As at 31-Mar-2019	As at 31-Mar-2018
Provision for Employee benefits (Gratuity)		8,203,319	7,031,518
Total		8,203,319	7,031,518
18. Current tax liabilities (net)		As at 31-Mar-2019	As at 31-Mar-2018
1. Income Tax - MAT		27,000,000	6,500,000
Total		27,000,000	6,500,000
(Rupees)			
19. Revenue From Operation		For the Year Ended 31-Mar-2019	For the Year Ended 31-Mar-2018
Sale of products :			
- Domestic Sales	1,381,016,099		966,009,183
Less: Duties	219,158,499		139,030,858
	1,161,857,600		826,978,325
- Export Sales	396,042,514	1,557,900,114	290,120,288
Sale of Services :		595,077	
			4,615,146
Total		1,558,495,191	1,121,713,760



SCHEDULE FORMING PART OF THE BALANCE SHEET

20. Other Income		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Interest Income		1,020,842		974,788
Export Incentives		4,101,977		3,752,463
Creditors Written Back		112,464		-
Net Foreign Exchange Gain		199,998		2,289,985
Total		5,435,282		7,017,236
21. Cost of materials consumed		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Opening Stock of Raw Materials		38,499,658		62,021,216
Add: Purchase of Raw Materials		981,450,327		697,237,883
		1,019,949,985		759,259,099
Less: Closing Stock of Raw Materials		62,776,028		38,499,658
Total		957,173,957		720,759,441
22. Changes in Inventories		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Opening Stock of Finished Goods	44,411,394	(4,491,077)	23,489,209	(20,922,185)
Closing Stock of Finished Goods	48,902,471		44,411,394	
Net Increase/(Decrease) in Finished Goods				
Opening Stock of Work In Progress	46,133,482	(17,035,119)	43,150,890	(2,982,592)
Closing Stock of Work In Progress	63,168,601		46,133,482	
Net Increase/(Decrease) in Work In Progress				
Total		(21,526,196)		(23,904,777)
23. Employee benefits Expenditure		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Salaries and Wages		91,548,261		73,809,820
R & D Salaries		7,544,752		5,608,781
Contribution to provident and other funds		5,356,759		5,143,730
Staff welfare expenses		5,698,521		4,684,148
Statutory and Other Benefits		6,268,133		4,157,327
Total		116,416,426		93,403,806
24. Finance Cost		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Interest		21,025,054		16,355,833
Bills Discounting Charges		9,308,906		7,712,914
Processing, Documentation and other bank charges		1,799,000		3,357,508
Total		32,132,959		27,426,255
25. Depreciation and amortisation expenses		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Depreciation on Tangible Fixed Assets		28,358,426		26,757,784
Total		28,358,426		26,757,784

(Rupees)



SCHEDULE FORMING PART OF THE BALANCE SHEET

26. Other expenses		For the Year Ended 31-Mar-2019		For the Year Ended 31-Mar-2018
Payments to the Professionals as Statutory Auditor		300,000		300,000
Manufacturing Expenses:				
(a) Material Conversion Charges	19,579,420		16,820,265	
(b) Stores Consumables	2,821,627		1,664,307	
(c) Lab Expenses	7,756,000		5,281,614	
(d) R&D Expenses	2,446,831		2,041,380	
(e) Effluent Charges	22,894,978		13,334,078	
(f) Power and Fuel	108,139,793		103,432,073	
(g) Plant Repairs & Maintenance Charges	41,720,135		27,531,105	
(h) Production Contract Charges	28,515,332	233,874,116	21,834,438	191,939,261
Administrative Expenses:				
(a) Conveyance	1,838,816		933,256	
(b) Postage, Telephone Charges	794,796		832,407	
(c) Rent, Rates & Taxes	1,815,444		2,164,134	
(d) Insurance	7,343,191		5,179,410	
(e) Security Charges	1,180,801		1,350,321	
(f) Consultancy Charges	6,426,212		5,559,403	
(g) Office Maintenance	640,311		517,489	
(h) Vehicle Maintenance	1,849,564		1,761,695	
(i) Other Administrative Expenses	10,628,281	32,517,416	12,849,535	31,147,649
Selling & Distribution Expenses:				
(a) Business Promotion	12,535,756		10,843,136	
(b) Travelling Expenses	1,859,391		1,823,276	
(c) Postage, Telephone Charges	368,793		662,694	
(d) Conveyance-Marketing	165,912		316,019	
(e) Commission on Sales	8,172,193		3,147,241	
(f) Freight Outward	5,431,703		2,300,411	
(g) Freight Outward on Exports	2,548,031		5,401,176	
(h) Packing Material	12,796,035		9,085,303	
(i) Other Expenses	1,613,000		1,413,096	
(j) Bad Debts written off	-		2,269,877	
(k) Provision for Doubtful Receivables	15,918,951		-	
		61,409,765		37,262,229
Total		328,101,297		260,649,139

As per our report even date
for SURYAM & Co.
Chartered Accountants
FRN - 12181S

Sd/-
SRINIVAS OLETI
ICAI M.No.206457

Place: Hyderabad
Date: 21-05-2019

Sd/-
P.RAMA KRISHNA
Chief Financial Officer

Sd/-
REKHA SINGH
Company Secretary

For and on behalf of the Board
EVEREST ORGANICS LIMITED

Sd/-
Dr.S.K.SRIHARI RAJU
Managing Director
DIN: 01593620

Sd/-
A.PARVATISEM
Technical Director
DIN: 00910224

**CASH FLOW STATEMENT****Everest Organics Limited**

Cash Flow Statement for the Period ended 31-03-2019

(Rs.in Lakhs)

Particulars	Period Ended 31.03.19	Year Ended 31.03.18
Cash Flow from Operating Activities		
Profit After Tax and Extraordinary Items	750.86	258.44
Adjustments	-	-
Depreciation and Amortisation expenses	283.58	267.58
Provision for Gratuity	11.72	6.19
Interest and Financial Charges paid	321.33	274.26
Excess/(Short) provision for Taxation	(21.52)	-
Interest Earned	(10.21)	(9.75)
Operating Profit/(Loss) before working capital charges	1,335.76	796.73
Adjustments for:		
(Increase)/Decrease in Trade receivables	(246.48)	(669.79)
(Increase)/Decrease in Inventories	(457.95)	(45.62)
Increase/(Decrease) in Current Financial Liabilities-Borrowings & Others	94.15	273.41
Increase/(Decrease) in Trade Payables	87.66	45.33
Increase/(Decrease) in Other Current Liabilities	(47.42)	57.71
Increase/(Decrease) in Current Tax Liabilities	416.88	22.00
(Increase)/Decrease in Financial Assets LoansOther Current Assets	(94.58)	(26.87)
Cash Generated from Operations	1,088.03	452.90
Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment including CWIP	(720.22)	(346.19)
Change in Other Non Current Assets	5.80	(26.16)
Change in Other Non Current Liabilities	168.66	(8.50)
Interest earned	10.21	9.75
Cash used in Investing Activities	(535.56)	(371.10)
Cash Flow from Financing Activities		
Increase/(Decrease) Non Current Financial Liabilities- Borrowings	(161.96)	168.74
Increase/(Decrease) Share Capital, Share Premium & Share Warrants	-	0.64
Securities premium received on issue of equity shares	-	0.94
Interest and Financial Charges paid	(321.33)	(274.26)
	(483.29)	(103.94)
Net Increase/(Decrease) in Cash & Cash Equivalents	69.18	67.77
Opening Cash & Cash Equivalents	126.97	59.20
Closing Cash & Cash Equivalents	196.16	126.97

1. The cashflow statement has been prepared under the indirect method as set out in Ind. AS-7 statement of Cash Flows.
2. Summary of significant Accounting Policies: Refer to Note No. 27

As per our report even date
for SURYAM & Co.
Chartered Accountants
FRN - 12181S

Sd/-
SRINIVAS OLETI
ICAI M.No.206457

Place: Hyderabad
Date: 21-05-2019

Sd/-
P.RAMA KRISHNA
Chief Financial Officer

Sd/-
REKHA SINGH
Company Secretary

For and on behalf of the Board
EVEREST ORGANICS LIMITED

Sd/-
Dr.S.K.SRIHARI RAJU
Managing Director
DIN: 01593620

Sd/-
A.PARVATISEM
Technical Director
DIN: 00910224

**NOTES FORMING PART OF THE ACCOUNTS****NOTES TO ACCOUNTS****EVEREST ORGANICS LIMITED****Note No.27:****ADDITIONAL NOTES FORMING PART OF THE ACCOUNTS****1. ACCOUNTING POLICIES:****A) Basis of preparation:**

The company follows the mercantile system of accounting and recognizes incomes and expenses on accrual basis. The accounts are prepared on historical cost basis and as a going concern. These financial statements of Everest Organics Limited have been prepared and presented in accordance with Accounting Principles (IGAAP) generally accepted in India. IGAAP comprises of accounting standards notified by the Central Government of India under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India (SEBI). The financial statements are presented in Indian rupees rounded off to the nearest rupee.

The company's Internal Financial Control (IFC) 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, which is being implemented by the company as a continuous process exercise required for providing reasonable assurance regarding the reliability of the financial reporting.

Accounting policies not referred to herein otherwise are consistent with Generally Accepted Accounting Principles in India.

B) Use of estimates:

The preparation of the financial statements in conformity with IGAAP requires the management to make estimates of useful life of tangible and intangible assets, assessment of recoverable amounts of deferred tax assets, provision for obligations relating to employees, provisions against litigations and impairment of assets. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year.

C) Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the shipping bill or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns and sales tax, where applicable. Excise duty deducted from revenue (gross) is the amount that is included in revenue (gross).

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Export entitlements are recognized and shown under the head "other income" when the same is received / right to receive, as per the terms and conditions of the scheme, is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**NOTES FORMING PART OF THE ACCOUNTS****D) Provisions and contingent liabilities:**

A provision is recognized if as a result of a past event the company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Where no reliable estimates can be made, a disclosure is made as a contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation that may, but probably will not require an outflow of resources.

E) Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company normal operating cycle and other criteria set out in the Schedule-III to the Companies Act, 2013, read with Indian Accounting Standards.

(i) Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

(ii) Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets / liabilities include the current portion of non-current financial assets / liabilities respectively.

All other assets / liabilities are classified as non-current.

F) Fixed Assets:

Tangible fixed assets are carried at the historical cost of acquisition or construction or at the consideration paid less accumulated depreciation arrived at taking into Schedule II of the Companies Act, 2013. The cost of tangible fixed assets includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds.

Subsequent expenditure related to an item of tangible fixed asset is capitalized only if it increases the future benefits from the existing assets beyond its previously assessed standards of performance.

**NOTES FORMING PART OF THE ACCOUNTS**

However, during the year there is no such interest expenditure which is capitalized.

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under short-term loans and advances. Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work-in-progress.

Gains or losses from disposal of tangible fixed assets are recognized in the statement of profit and loss.

G) Depreciation:

Depreciation on fixed assets is provided as per useful lives specified in the Schedule II of the Companies Act, 2013 for the actual period of the usage of the assets on prorated basis, with Plant & Machinery considered to be coming under the category of "manufacture of pharmaceuticals and chemicals" accordance with clauses 1 & 2 of Section 123 of the Companies Act, 2013.

H) Inventories:

Raw materials, packing materials, stores, spares, consumables are valued at cost, after providing for obsolescence. Work-in-process is valued at cost of raw materials and proportionate overheads. Finished goods are valued at lower of the cost or market value/net realizable value. Cost includes all charges incurred in relation to the goods.

Net Realizable Value (NRV) is the estimated selling price in the ordinary course of the business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of all categories of inventory is determined using weighted average cost method.

I) Cash Flow Statement:

Cash Flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating investing and financing activities of the company are segregated.

J) Research & Development Expenditure:

It is the policy of the company to transfer the Research & Development Expenditure on capital items to assets and depreciation is charged thereon accordingly at the applicable rates and Revenue expenditure on Research and development is charged off to Profit & Loss in the year in which it is incurred.

K) Foreign Currency Transactions:

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss account. Non-monetary assets and non-monetary liabilities to be denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities to be denominated in foreign currency are measured at historical cost and are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash flow items denominated in foreign currencies are translated using exchange rate in effect on the date of transaction. Transaction gain or loss realized upon settlements of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

**NOTES FORMING PART OF THE ACCOUNTS****L) Employee Benefits:**

Contributions to defined contribution retirement benefit schemes are generally recognized as an expense when employees have rendered services entitling them to contributions. Accordingly company provided for payment of Gratuity. However, the company has deposited only a part of the contribution towards gratuity liability. The provision in this regard, is as per the assessment of the management, but not as per the actuarial valuation as required under the Indian Accounting Standard on Employee Benefits.

The Company has not created the provision against Leave Encashment as the policy of such Leave Encashment is under Review.

M) Earnings per Share:

Basic earnings per share are computed by dividing the net profit after tax available to Equity Share holders by the weighted average number of equity shares outstanding during the period.

N) Income Tax Expense:

Income tax expense comprises of current tax and Deferred Tax.

(a) Current Tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

(b) Deferred Tax:

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable incomes and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Accordingly the company provided for Deferred Tax on 31-03-2019.

O) Impairment of Assets:

The Company assesses, from year to year, as to whether there is any indication that an asset is impaired. However, in the opinion of the management, there has been no impairment loss during the year.

P) Segment Accounting Policy:

The Company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2. (i) The Secured Loans from Kotak Mahindra Bank with total credit limits of Rs.2459 lakhs (Fund Based: Rs.1899 lakhs & Non-Fund Based : Rs.560 lakhs) (Page no. 2 of 10 as per sanction letter) are secured by the first and exclusive charge by way of equitable mortgage by deposit of Titles Deeds of the Company's immovable properties of Land admeasuring Ac. 35-20 Guntas Sy.Nos.38, 39, 40 and 45, with Buildings thereon and situated at Aroor Village, Sadasivpet Mandal, Sangareddy District, Telangana State, hypothecation of stocks, receivables and other current assets, and also by the personal guarantees of promoter directors and mortgage of the personal immovable properties of the promoters, directors.
- (ii) Secured Loans of Rs.93.63 lakhs from Reliance Capital are secured by the hypothecation of the equipment acquired out of the term loan given by them and also the personal guarantees of two of the promoter directors.
3. The total GST Input availed during the year is Rs.2115.15 lakhs (previous Year Rs.1370.55 lakhs), of which, the amount un-availed is Rs.212.97 lakhs (previous Year Rs.68.99 lakhs) and has been classified under "Other Current Assets" in the Balance Sheet.

**NOTES FORMING PART OF THE ACCOUNTS****4. Investment:**

Of the total investments of Rs.8.45 lakhs part of the same is represented by the fully paid Equity Shares of M/s.Patancheru Envirotech Limited made as contribution for utilizing their services of common Effluent Treatment Plant set up by the M/s. Patancheru Envirotech Ltd. to the tune of Rs.8.15 lakhs (Unquoted 81540 No. of equity shares of Rs.10/- each fully paid up-Market value as on 31.03.2019 & 31.03.2018 are not available and part of the investment is represented by shares of State Bank of Travancore(SBT) amounting to Rs.0.30 lakhs which are subsequently converted into the equity shares of State Bank of India, for which the equivalent Equity Shares of State Bank of India are yet to be received by surrendering the Share Certificates of the SBT). [50 shares of Rs.10 each fully paid up of SBT-valued at cost. Market value being Rs.607 per share (last traded price of SBT on 15-03-2017), pending receipt of shares of State Bank of India (SBI), post-merger of SBT with SBI].

These investments are intended to be held for more than one year and are accordingly classified as non-current investments.

5. Other Cash and Cash Equivalents comprising of cash in hand of Rs.1.29 lakhs, Cash at Bank in Current Accounts of Rs.104.93 lakhs, Fixed Deposits (held under lien with the banks in the form of Fixed Deposits) amounting to Rs 89.93 lakhs.

6. Foreign Exchange Earnings and Outgo:

(Rs. In Lakhs)

Particulars	2018-19	2017-18
(A) Earnings in Foreign Exchange :		
Export of goods calculated on FOB Basis(Direct Exports)	3,960.43	2,901.20
(B) Foreign Exchange Outgo		
i) Value of Imports Calculated on CIF Basis in respect of		
-- Raw Material (Actual Imports)	1,652.19	952.20
ii) Foreign Travelling Expenses	52.69	20.41
iii) Sales Commission incurred abroad	22.53	13.17

7. Particulars of Managerial Remuneration (Salary, Allowances, etc.):

(Rupees in lakhs)

Particulars	2018-19	2017-18
Dr.S.K.Srihari Raju (Managing Director)	30.00	30.00
A.Parvatisem(Technical Director)	18.00	18.00
S.K.Hari Krishna (Whole Time Director)	9.00	9.00
TOTAL :	57.00	57.00

During the year the remuneration to the Directors of the company has not been enhanced.

**NOTES FORMING PART OF THE ACCOUNTS****8. Details of production, Turnover (As certified by the management)****a) Annual Capacities: (as Certified by the management):**

(Capacity in Tonnes)

Year	2018-19			2017-18		
Name of the Product	Installed Capacity TPA	Operating Capacity TPA	% of Capacity Achieved	Installed Capacity TPA	Operating Capacity TPA	% of Capacity Achieved
OMEPRAZOLE	180	139.9	78	180	154	85
CHLORO COMPOUND	300	247.8	83	300	249	83
BENZIMIDAZOLE	180	175.1	97	180	173	96
ESOMEPRAZOLE	48	62.7	130	48	54	112
PANTAPRAZOLE	60	30.3	51	60	31	51

b) Details of Production, Turnover (As certified by the management)

Description	Production (Qty/MTs)		Sales (Qty/MTs)		Sales Value (Rs.in Lakhs)	
Name of the Product	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Omeprazole Powder	139.95	153.77	133.81	139.36	4575.94	3157.70
Benzimidazole	175.17	173.46	67.14	58.83	797.23	469.61
Chloro Compound	73.91	248.96	76.22	90.69	1749.46	1612.69
Op. Sulphide	243.80	244.99	10.00	14.35	289.07	254.60
Esomeprazole Magnesium	62.72	53.70	60.88	53.90	3300.92	2066.95
Pantaprazole Sodium	30.36	30.09	29.29	31.67	2357.70	1708.17
Ammonium Sulphate	854.01	687.03	751.91	635.07	168.53	136.92
Tetralone	--	27.20	10.00	28.20	70.00	206.80
Others					2283.73	1603.70
Total					15,584.95	11,217.14

(c) Details of Major Raw-material consumed (As certified by the management)

Description	2018-19		2017-18	
	(Qty/MTs)	Value (Rs.lakhs)	(Qty/MTs)	Value (Rs.lakhs)
3, 5 Lutidine	305.26	867.61	261.34	720.87
MDC	596.38	392.25	396.56	206.90
Acetone	527.99	317.46	421.77	288.96
Acetic Acid	323.82	194.54	209.17	102.16
Toluene	445.64	305.51	466.39	268.72
Para Anisidine	181.89	649.79	73.10	144.01
DMS	294.21	154.12	264.92	126.48
APS	100.34	77.70	99.81	73.08
Others		6,397.66		5,037.37
Total		9,356.48		6,968.55

**NOTES FORMING PART OF THE ACCOUNTS****d) Value of Imported and indigenous Raw material consumed (As certified by the Management)**

Description	2018-19		2017-18	
	Value(Rs. Lakhs)	%	Value (Rs. Lakhs)	%
Imported	1,652.19	17.66	952.20	13.66
Indigenous	7,704.29	82.34	6,016.35	86.34
Total	9,356.48	100.00	6,968.55	100.00

9. Related Party Transactions made during the year: _____**(Rs. In lakhs)**

Party Name	Nature of Transaction	Transaction Amount(Rs)	Closing Bal.(Rs)	Dr/ Cr	Relationship with the Related Party
Virat & Co.	Gross Sales made by the company	123.07 {112.65}	{68.84}	Dr.	One of the Partners of the Firm is the wife of Executive Director of the Company
Virat & Co	Gross Purchases made by the company	473.98 {239.98}	152.49 {165.53}	Cr.	--do--
Dr.S.K.Srihari Raju	Remuneration	30.00 {30.00}	--		Managing Director
A.Parvatisem	--do--	18.00 {18.00}	--		Technical Director
S.K.Hari Krishna	--do--	9.00 {9.00}	--		Whole time Director
Dr.S.K.Srihari Raju	Unsecured Loan taken by the Company	50.00 {Nil}	50.00 {Nil}	Cr.	Managing Director
Directors	Sitting Fees	2.30 (2.85)	--		Non-Executive Directors
S.K. Sudha	Office Rent & Maintenance paid by the company	17.18 {15.06}	-- {1.81}		Spouse of Director of the Company
S.K.Hari Krishna	Unsecured Loan taken by the company	115.00 {Nil}	145.24 {30.24}	Cr.	Executive Director of the Company
Veerat Finance and Investment Limited	Unsecured loan taken by the company	129.73 {37.24}	Nil {Nil}	Dr.	Two of the Directors of the other Company are relatives of the Managing Director of the Company
A. Raj Kamala	Consultancy	11.00 {7.50}	0.90 {Nil}	Dr.	Spouse of Technical Director of the Company
Dr. S.K. Sirisha	Commission	9.00 {4.50}	0.61 {2.55}		Director of the Company

The comparative previous figures has been indicated in the flower brackets.

**NOTES FORMING PART OF THE ACCOUNTS****10. Contingent Liabilities not provided for:**

- 1) Letters of Credit established by the Kotak Mahindra Bank on behalf of the Company Rs.423.92 lakhs (Previous year Rs. 527.60 lakhs).
- 2) Bank Guarantees issued by the Kotak Mahindra Bank on behalf of the company Rs.11.50 lakhs. (Previous year- Rs.6.50 lakhs).

11. Summary of R&D Expenditure.

R&D Expenditure	2018-19	2017-18	2016-17	2015-16	2014-15
Particulars	Amount Rs	Amount Rs	Amount Rs	Amount Rs	Amount Rs
R & D Raw Material	1,191,479	1,040,030	485,940	--	--
R & D Consumable Issues	1,255,352	1,001,350	623,617	745,323	528,722
R & D Salaries	7,544,752	5,608,782	4,949,573	4,117,207	4,290,469
Capital Expenditure	5,886,885	--	1,600,000	--	7,703,608
Utilities	616,105	--	--	--	--
Total :	16,494,573	7,650,162	7,659,130	4,862,530	12,522,799

12. Litigations:

The company simultaneously applied to the Environmental Engineer, TS Pollution Control Board (TSPCB) for the renewal of Consent for Operations (CFO) for a period from FY 2017-18 to FY 2021-22 and paid the necessary fees for the same. The grant of approval of CFO in this regard is approved from the TSPCB. The necessary fees for CFO was already paid by the company till 31-03-2022.

The Company has submitted all the data called for and has also extended the required information and explanations in connection with the above said matter. As on date there is no pending items of information/clarifications to be extended by the Company to TSPCB.

13. Amounts due to Micro and Small Scale Enterprises:

Particulars	As on 31-03-2019	As on 31-03-2018
Outstanding Balances	11,80,29,382	7,61,10,519

The above balances include outstanding for more than 45 days in respect of the parties who have reported that they come under the category of Micro and Small Enterprises. Management has confirmed that no specific interest has been paid or provided for the supplies outstanding beyond 45 days as the credit period negotiated itself was falling beyond 45 days and the price agreed also accommodates the time value of money for the agreed credit period.

The auditors have relied upon the same.

14. Segment Information:**i) Primary Segment:**

The company operates in only one reportable primary business segment, i.e. Active

**NOTES FORMING PART OF THE ACCOUNTS**

Pharmaceutical Ingredients (API) and their intermediaries. This Segment has been identified and reported considering the nature of products, risk and returns and the internal financial reporting system of the Company.

ii) Secondary Segment:

Based on the revenue attributable to the individual customers located in various parts of the world, the company's business is organized into two key geographical segments. Viz., Domestic and Exports.

Segment Revenue and Results, Assets and Liabilities are as under:

SEGMENTAL REPORT	Year Ended 31.03.2019			Year Ended 31.03.2018		
	Export Segment	Domestic Segment	Total	Export Segment	Domestic Segment	Total
Sales	3,960.43	11,624.53	15,584.95	2,901.20	8,315.93	11,217.14
Other Incomes	-	54.35	54.35	-	70.17	70.17
Total: A	3,960.43	11,678.88	15,639.30	2,901.20	8,386.11	11,287.31
EXPENSES						
Raw Materials Consumed	2,432.49	7,139.25	9,571.74	1,864.31	5,343.28	7,207.59
Changes in Inventories (FG and WIP)	(54.70)	(160.56)	(215.26)	61.83	177.22	(239.05)
Manufacturing Expenses	594.32	1,744.42	2,338.74	496.43	1,422.96	1,919.39
Total: B	2,972.11	8,723.11	11,695.22	2,422.57	6,943.46	8,887.94
Operating Profit Before Tax C = (A-B)	988.32	2,955.77	3,944.09	478.63	1,442.64	2,399.37
Un-allocable Expenditure						
Employee benefits Expenses			1,164.16			934.04
Finance Cost			321.33			274.26
Administrative Expenses			328.17			314.48
Selling & Distribution Expenses			614.10			372.62
Depreciation and amortisation expenses			283.58			267.58
Total: D			2,711.35			2,162.98
Profit for the Year E (C-D)			1,232.74			236.39

ASSETS						
Receivables	338.98	3,731.95	4,070.93	604.97	3,219.48	3,824.45
LIABILITIES						
Segment Liabilities	338.98	3,731.95	4,070.93	604.97	3,219.48	3,824.45

15. Paise have been rounded off to the nearest rupee.

16. Figures have been re-grouped/re-arranged /re-cast wherever necessary, to confirm to the current year classifications.

**NOTES FORMING PART OF THE ACCOUNTS**

17. The balances outstanding on account of sundry debtors/sundry creditors/advances are subject to confirmation from the respective parties.

As per our Report of even date
for SURYAM & Co.
Chartered Accountants
FRN - 12181S

For and on behalf of the Board of Directors of
EVEREST ORGANICS LIMITED

Sd/-
(SRINIVAS OLETI)
Partner
ICAI M. No. 206457

Sd/-
(Dr.SK SRIHARI RAJU)
Managing Director
DIN: 01593620

Sd/-
(P.RAMA KRISHNA)
Chief Financial Officer

Sd/-
(A. PARVATISEM)
Technical Director
DIN: 00910224

Sd/-
REKHA SINGH
Company Secretary

Place: Hyderabad,
Date: 21-05-2019.



EVEREST ORGANICS LIMITED

CIN:L24230TG1993PLC015426

Regd. Office: Aroor Village, Sadasivpet Mandal,
Sanga Reddy (Medak) District, Telangana – 502 291
Email id: eolcs0405@gmail.com; Website: www.everestorganicsltd.com
Contact No.: 040-23115956/40040783; Fax: 040-23115954
26th Annual General Meeting; Tuesday, September 10, 2019

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

Folio No./DP ID & Client ID: _____

No. of shares held: _____

Name and address of
First/Sole member:

I certify that I am a member/proxy/authorized representative for the member of the Company.

I/We hereby record my/our presence at the **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Company, held on Tuesday, September 10, 2019 at 3:00 p.m. at the Registered Office of the Company located at Aroor Village, Sadasivpet Mandal, Sanga Reddy (Medak) District, Telangana 502 291.

Name of the member/proxy
(in BLOCK letters)

Signature of the member/proxy

Notes:

- a) Only member/proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member/ Proxy who wish to attend the meeting must bring this Attendance Slip to the meeting and handover at the entrance duly filled in and signed.
- c) Member/ Proxy should bring his/her copy of the Annual Report for reference at the meeting.

**Form No. MGT-11****PROXY FORM**

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

CIN : L24230TG1993PLC015426
Name of the company : EVEREST ORGANICS LIMITED
Registered office : AROOR VILLAGE, SADASIVPET MANDAL,
SANGAREDDY (MEDAK) DISTRICT, TELANGANA – 502 291

Name of the member (s): _____
Registered address: _____
E-mail Id: _____
Folio No/ Client Id: _____
DP ID: _____

I/We, being the member(s) of Everest Organics Limited, holding _____ shares of the Company,
hereby appoint:

1. Name: _____
Address: _____
E-mail ID: _____ Signature: _____
Of failing him/her
2. Name: _____
Address: _____
E-mail ID: _____ Signature: _____
Or failing him/her
3. Name: _____
Address: _____
E-mail ID: _____ Signature: _____

as my/our proxy to attend and vote (on a poll/electronic voting) for me/us and on my/our behalf at the
26th Annual General Meeting of the Company, to be held on the Tuesday, September 10, 2019 at 3:00
p.m. at the registered office of the Company located at Aroor Village, Sadasivpet Mandal, SangaReddy



Resolution No.	Resolutions	Vote (see note below) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1	To receive consider and adopt the Audited Financial Statement including Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the year ended on that date along with Cash Flow Statement and notes forming part of accounts, together with the Reports of the Board of Directors and Auditors' Report thereon.			
2	To declare dividend on the equity shares for the financial year 2018-19.			
3	To re-appoint Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) who retires by rotation, and being eligible offers himself for the re appointment.			
4	To re appoint Ms. Sri Kakarlapudi Sirisha (DIN: 06921012) who retires by rotation, and being eligible offers herself for the re appointment.			
Special Business				
5	Re-appointment and revision of remuneration payable to Mr. Sri Kakarlapudi Harikrishna (DIN: 01664260) as Whole time Director of the Company.			
6.	Re-appointment of Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) as an Independent Director of the Company.			
7.	Re-appointment of Mr. Sreeramakrishna Grandhi (DIN: 06921031) as an Independent Director of the Company.			
8.	Re-appointment of Mr. Swaminathan Venkatesan (DIN: 02810646) as an Independent Director of the Company.			
9.	Approval for continuation of Directorship of Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) as a Non-Executive Director of the Company			
10.	Revision of remuneration payable to Dr. Sri Kakarlapudi Srihari Raju (DIN: 01593620), Managing Director of the Company.			
11	Revision of remuneration payable to Mr. Akella Parvathisem (DIN: 00910224), Technical Director of the Company.			
12	Approval for revision of commission payable to Dr. Sri Kakarlapudi Sirisha (DIN: 06921012), Non-Executive Director.			
13.	Ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020			

Signed this _____ day of _____ 2019

Signature of the member(s) _____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp of
Re.1

Notes:

- Proxy need not be a member of the Company.
- The Proxy Form in order to be effective shall be duly filled in and signed by the member(s) across Revenue Stamp and should reach the Company's Registered Office atleast 48 hours before the commencement of the annual general meeting.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
- It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may think appropriate.

**Form No. MGT-12**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

BALLOT PAPER

S. No.	Particulars	Details
1.	Name of the First Named Shareholder (In block letters)	
2.	Postal Address	
3.	Registered Folio No. /* Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	Class of Shares	EQUITY

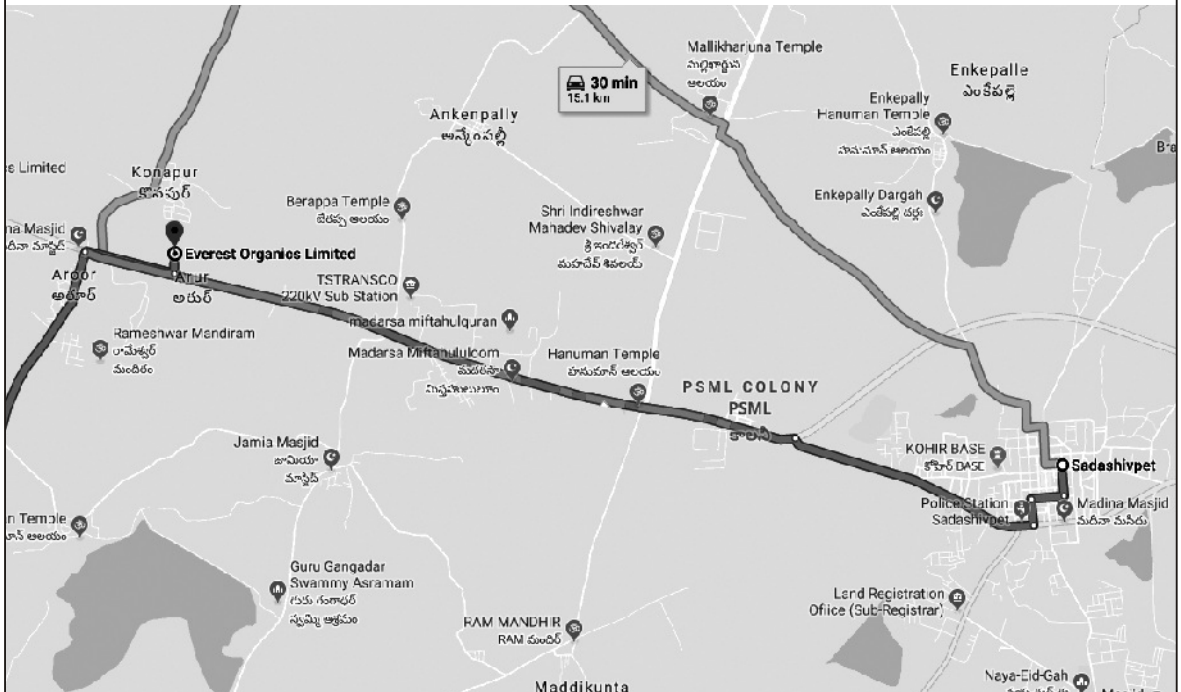
I hereby exercise my Vote in respect of Ordinary/ Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive consider and adopt the Audited Financial Statement including Balance Sheet as at March 31, 2019, the Statement of Profit and Loss for the year ended on that date along with Cash Flow Statement and notes forming part of accounts, together with the Reports of the Board of Directors and Auditors' Report thereon.			
2	To declare dividend on the equity shares for the financial year 2018-19.			
3	To re-appoint Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) who retires by rotation, and being eligible offers himself for the re-appointment.			
4	To re-appoint Ms. Sri Kakarlapudi Sirisha (DIN: 06921012) who retires by rotation, and being eligible offers herself for the re-appointment.			
5	Re-appointment and revision of remuneration payable to Mr. Sri Kakarlapudi Harikrishna (DIN: 01664260) as Whole-time Director of the Company.			
6	Re-appointment of Mr. Ramakrishnam Raju Kounparaju (DIN: 01735481) as an Independent Director of the Company.			
7	Re-appointment of Mr. Sreeramakrishna Grandhi (DIN: 06921031) as an Independent Director of the Company.			
8	Re-appointment of Mr. Swaminathan Venkatesan (DIN: 02810646) as an Independent Director of the Company.			
9	Approval for continuation of Directorship of Mr. Kakarlapudi Sitarama Raju (DIN: 02955723) as a Non-Executive Director of the Company.			
10	Revision of remuneration payable to Dr. Sri Kakarlapudi Srihari Raju (DIN: 01593620), Managing Director of the Company.			
11	Revision of remuneration payable to Mr. Akella Parvathisem (DIN: 00910224), Technical Director of the Company.			
12	Approval for revision of commission payable to Dr, Sri Kakarlapudi Sirisha (DIN: 06921012), Non-Executive Director.			
13	Ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2020			

Place:

Date:

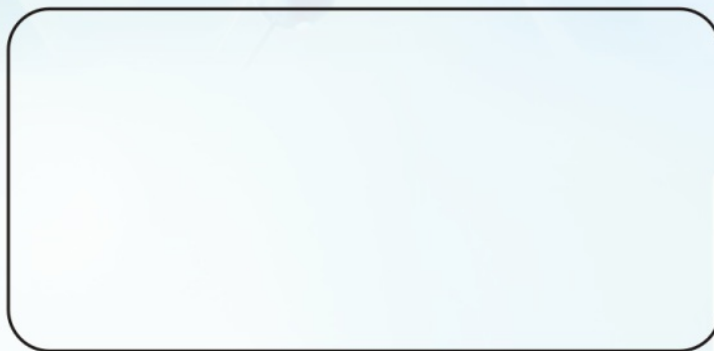
(Signature of
Shareholder/Proxy)



Glimpse of USFDA approved - Everest Facility



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If Undelivered, please return to :

EVEREST ORGANICS LIMITED

Corporate Office :

Plot No.127 & 128, 1st Floor,

Amar Co-op. Society,

Near Durgam Cheruvu, Madhapur,

Hyderabad - 500 033.