



PANACHE®

ANNUAL
REPORT
2018-19



Panache Innovations Limited

In this year's Report

Particulars

Corporate Information2

Chairman's Message3

Statutory Reports

Directors Report4

Annexure to Directors Report16

Standalone Financial Statements

Independent Auditors Report34

Balance Sheet41

Statement of Profit & Loss42

Statement of Changes in Equity43

Cash Flow Statement44

Notes to Financial Statement46

Consolidated Financial Statements

Independent Auditors Report69

Balance Sheet74

Statement of Profit & Loss75

Statement of Changes in Equity77

Cash Flow Statement78

Notes to Financial Statement80

AGM Notice

Notice calling 37th AGM104

Proxy Form, Attendance Slip and Map to reach the venue124

Corporate Information

Board of Directors

Amit Devchand Rambhia
Chairman & Non-Executive Director
(Re-designated from CMD w.e.f 30th May, 2019)

Prakash Vichhivora
Managing Director (w.e.f 30th May, 2019)

Hetal Vichhivora
Whole-Time Director & CFO (w.e.f 30th May, 2019)

Meeta Mehta
Independent Director

Anil Dagade
Independent Director

Gaurav Singh
Additional Independent Director (w.e.f 12th August, 2019)

Rohit Mathur
Independent Director (till 15th August, 2019)

Jayachandran Sunderamoorthy
Whole-Time Director & CFO (till 30th May, 2019)

Company Secretary & Compliance Officer
Priyank Sangoi

Board Committees

Audit Committee

Meeta K. Mehta
Gaurav Singh
Amit Rambhia
Anil Dagade

Nomination and Remuneration Committee

Anil Dagade
Meeta K. Mehta
Gaurav Singh
Amit Rambhia

Stakeholders Relationship Committee

Gaurav Singh
Meeta Mehta
Amit Rambhia
Anil Dagade

Registered Office

2nd Floor, Bldg No. A3, Unit 201A, Babosa Industrial, Park, Mumbai-Nashik Highway (NH3), Saravali Village, Bhiwandi, CIN: L51100MH1981PLC312742
(T): +91 8291529934
(E): info@panachemodera.com
(W): www.panachemodera.com

Corporate Office

Unit No. 201/B1, Raheja Plaza – 1, LBS Marg, Ghatkopar West, Mumbai – 400 086, Maharashtra

Auditors

Jain Salia & Associates
Chartered Accountant

Share Registrars and Transfer Agents

Niche Technologies Private Limited
D-511, Bagree Market, 71, B.R.B. Basu Road, Kolkata- 700001
(T): 033-2235 7270/7271, 22343576
(E): nichetechpl@nichetechpl.com
(W): www.nichetechpl.com

Internal Auditor

Sanket Sangoi & Associates

Secretarial Auditor

SARK & Associates

Bankers

Canara Bank

Listed On

BSE (Security Code – 538742)

Chairman's Message

Dear Shareholders,

I'm delighted to present to you the Annual Report of our Company for the year 2018-19. We believe this will supplement our understanding of how our Company's strategy, governance, performance and prospects create value for all its stakeholders over the short, medium and long term.

I have taken the position as Non-Executive Chairman of the Board, introducing our new executive team Mr. Prakash Vichhivora as Managing Director and Mr. Hetal Vichhivora as Whole-Time Director & Chief Financial Officer of our Company, to lead our Company's growth initiatives. I continue to lead efforts for improving the collective functioning of the Board. Our new management team comes with an aggressive and ambitious goals. The Board believes that these goals are eminently achievable through game changing initiatives to be viewed in the context of significant external and internal challenges.

Our ongoing expansion strategy includes expanding consumer electronic product range, strengthening the Distribution Network. Engaged in the distribution business, our company has in the year 2019-20, partnered with renowned brands for distribution that provides an exclusivity to our company to create a niche in the market.

The wide spectrum of products offered through multiple reputed partners enables us to achieve economies of scale and provide customers a single sourcing window.

As I close my message, I would just like to add our Company is looking forward to an exciting and extremely positive year 2019-20. You are likely to see our Company make a strong bid in both traditional as well as emerging markets.

I would like to thank each one of you for being our mainstay during the challenging times and enabling us to build a strong success story despite adversity. Now join me as we emerge our journey into the future, a future where you can expect to see our Company deliver enhanced benefits to its entire ecosystem of shareholders, customers, investors, employees and partners.

Boards' Report

To the Members of Panache Innovations Limited

Your Directors have pleasure in presenting the 38th Annual Report on the business and operations of the Company together with the Audited Standalone & Consolidated Financial Statement of Panache Innovations Limited ("the Company") for the financial year ended March 31st, 2019.

In compliance with the applicable provisions of Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Regulations"), this report covers the financial results and other development during the financial year 1st April, 2018 to 31st March, 2019 and other developments upto the date of the Board meeting held on 12th August, 2019 to approve this report, in respect of the Company and its Consolidated comprising the Company and its subsidiaries.

STATE OF THE COMPANY'S AFFAIRS

Financial Results

The summarized standalone and consolidated financial results of your Company are given below:

(Rs. in lakhs)

Particulars	Financial Year Ended			
	Standalone		Consolidated	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
Revenue from operations (net)	832.42	3488.73	1031.47	4008.44
Earnings before interest, tax, depreciation and amortization (EBITDA) and prior period adjustments	18.10	38.42	(31.17)	72.58
Depreciation and amortization expenses	1.26	1.26	1.26	1.26
Finance Cost	0.00	0.00	0.00	0.00
Profit before tax (PBT)	16.84	36.54	(32.43)	70.70
Profit after tax and minority interest (PAT)	12.60	29.17	(36.66)	63.29

*Previous year figures have been regrouped / rearranged wherever necessary.

Accounting treatment in preparation of Financial Statements

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 and other relevant provisions of the Companies Act, 2013.

Standalone Performance

During the year under review, the Company achieved total revenue of ₹ 832.42 Lakhs, as compared to ₹ 3488.73 Lakhs in the previous year.

The Earnings before Interest, Depreciation, Tax and Appropriations (EBITDA) stood at ₹ 18.10 Lakhs in the current year as compared to ₹ 38.42 Lakhs in the previous year.

The Company registered growth of (56.80) % in the Net Profit after Tax which stood at ₹ 12.60 Lakhs as compared to ₹ 29.17 Lakhs in the previous year.

Consolidated

During the year under review, the Company achieved consolidated total revenue of ₹ 1031.47 Lakhs as compared to ₹ 4008.44 Lakhs in the previous year.

The Earnings before Interest, Depreciation, Tax and Appropriations (EBITDA) stood at ₹ (31.17) Lakhs in the current year as compared to ₹ 72.58 Lakhs in the previous year.

The Company incurred a loss of (157.92)% in the Net Profit after Tax which stood at ₹ (36.66) Lakhs as compared to ₹ 63.29 Lakhs in the previous year.

DIVIDEND

Keeping in view the future fund requirements of the Company and strategy of the Company for rewarding Members, your directors are pleased to recommend a dividend of ₹ 0.25 per equity share of Face Value of ₹ 10/- on 30,39,900 Equity Shares (excluding the Equity Share upon which the members have waived/forgone his/their right to receive the dividend by him/them for Financial Year 2018-19) for the financial year 2018-19. The dividend, if approved by the members of the Company in the 38th AGM, shall be subject to Dividend Distribution Tax to be paid by your Company but will be tax-free in the hands of the Members. The Final Dividend amount if declared, shall be ₹ 7,59,975/- plus applicable Dividend Distribution Tax thereon.

Members belonging to the promoter group of your Company have waived their right to receive dividend for the Financial Year 2018-19 and hence the Dividend, if any, approved by the Members at the ensuing Annual General Meeting shall be only upon 30,39,900 Equity Shares.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there are no funds or shares which are required to be transferred to Investor Education and Protection Fund (IEPF).

As on 31st March, 2019, total unclaimed dividend stood Rs. 71350.50/-

TRANSFER TO RESERVE

Your Company does not propose to transfer any amount from the current year's profits to the General Reserve. (Previous year Nil).

DEPOSITS

There were no public deposits accepted during the year under review or any amount of principal or interest thereof was outstanding in terms of section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014, for the Financial Year ended on 31st March, 2019.

CHANGE IN NATURE OF BUSINESS, IF ANY

During the year, the company has altered the Main Object Clause of Memorandum of Association of the Company with a view to increase, expand and diversify the business of the Company backed with the objective of carrying on the business more efficiently and effectively. Approval of shareholders was obtained in the 37th AGM for the amendment in the object clause of the Memorandum of Association.

SHARE CAPITAL

During the year under review, the Company has not issued shares with differential voting rights. It has neither issued employee stock options nor sweat equity shares and does not have any scheme to fund its employees to purchase the shares of the Company.

SUBSIDIARY COMPANY AND CONSOLIDATION OF FINANCIAL STATEMENT

A list of bodies corporate which are subsidiaries of your Company as on 31st March, 2019 is as follows;

Eddy & Andy International Limited (Hong Kong)	Wholly Owned Subsidiary
*Panache Innovations DMCC (Dubai-UAE)	Wholly Owned Subsidiary

*During the year under review, the Company in its Board meeting dated 12th November, 2018, decided to initiate the process to close Panache Innovations DMCC, Wholly Owned Subsidiary of the Company, due to poor performance and sluggish market conditions in Dubai.

The Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared Consolidated Financial Statements of the Company and its Subsidiaries viz. Eddy and Andy International Limited and Panache Innovations DMCC, in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), which forms part of this Annual Report. A statement containing the salient features of the financial position of the subsidiary companies in Form AOC-1 is annexed as Annexure I. In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of subsidiaries is also available on our website at www.panachemodera.com.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at www.panachemodera.com

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations and that such internal financial controls are adequate and were operating effectively.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- A. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- B. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- C. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- D. the directors had prepared the annual accounts on a going concern basis;

- E. the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- F. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws are in place and such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

Your Company continues to place greater emphasis on managing its affairs with diligence, transparency, responsibility and accountability and is committed to adopting and adhering to best Corporate Governance practices. The Board considers itself as a trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company has set itself the objective of expanding its capacities.

However, as per provisions of Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, providing a separate report on Corporate Governance under Regulation 27 (2) is not applicable to the Company.

RISK MANAGEMENT

The Company has formulated a Risk Management Policy for dealing with different kinds of risks, both internal and external, which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk management procedure will be reviewed by the Audit Committee and Board of Directors on time to time basis.

For more details on the topic, please refer to the Management Discussion and Analysis report which form part of the Annual Report. Policy on Risk Management is available on the website of the Company www.panachemodera.com

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTY

All transactions entered into with the related parties as defined under the Companies Act, 2013 during the financial year were in the ordinary course of business and on arm's length pricing basis and necessary approvals of the Board of Directors and Audit Committee were taken from time to time, wherever required.

There were no materially significant transactions with the related parties during the financial year which needs to be disclosed and accordingly separate disclosure in Form AOC-2 is not applicable to the Company.

Further suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the notes to the Financial Statements.

Policy on Related Party Transactions

As per Regulation 15 of SEBI (LODR) Regulations, 2015, Company is exempted from complying with Regulation 23 of SEBI (LODR) Regulations, 2015 and hence preparing a Policy on Related Party Transactions is not applicable to the Company.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion and Analysis Report, as required under SEBI (LODR) Regulations 2015, forms part of the Annual Report is attached herewith marked as Annexure II.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the period under review, the provisions of Section 135 of the Companies Act, 2013 w.r.t. Corporate Social Responsibility are not applicable to the Company.

PREVENTION OF INSIDER TRADING

Your Company has approved and adopted new “Code of Conduct for Prohibition of Insider Trading”, “Code of practices and procedures for fair disclosure of unpublished price sensitive Information” and “Policy for Procedure of Inquiry in Case of Leak of Unpublished Price Sensitive Information” on 31st March, 2019, effective from 1st April, 2019, for regulating the dissemination of Unpublished Price Sensitive Information and trading in securities by Insiders.

The said codes & policies are also available on the website of the Company www.panachemodera.com

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Changes in Directors

During the year under review, following change took place in the Board of Directors;

Mr. Anil Jaychand Dagade (holding DIN: 02701030) who was appointed as Additional Independent Director of the Company for a term of Five years with effect from 31st March, 2018, at the Board meeting held on same day, was approved by Members in the Annual General Meeting of the Company held on 27th September, 2018.

During the year 2019-20, following changes were made in the Board of Directors & Key Managerial Personnel of the Company:

Board appointed Mr. Prakash Mavji Vichhivora (holding DIN: 03123043) as Additional Director and designated as “Managing Director” of the Company w.e.f. 30th May, 2019, who shall hold office upto the date of ensuing AGM, for a period of 5 years with effect from 30th May, 2019, and the same is being proposed to the members for their approval in 38th AGM.

Board appointed Mr. Hetal Mavji Vichhivora (holding DIN:03123060) as Additional Director and designated as “Whole-Time Director and Chief Financial Officer” of the Company w.e.f. 30th May, 2019 who shall hold office upto the date of ensuing AGM for a period of 5 years with effect from 30th May, 2019 and the same is being proposed to the members for their approval in 38th AGM.

Mr. Jayachandran Sunderamoorthy (holding DIN: 07706021) has resigned from the post of “Whole-Time Director & Chief Financial Officer” with effect from 30th May, 2019.

Upon request of Mr. Amit Devchand Rambhia, (holding DIN: 00165919) re-designated Mr. Amit Devchand Rambhia from Chairman & Managing Director of the Company to Chairman & Non-Executive Director of the Company w.e.f 30th May, 2019, and the same is being proposed to the members for their approval in 38th AGM.

Mr. Priyank Sangoi is Company Secretary & Compliance Officer.

Director Retiring by Rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Amit Devchand Rambhia (holding DIN: 00165919), is liable to retire by rotation at ensuing AGM and being

eligible, offers himself for reappointment. The Board recommends his reappointment as Director liable to retire by rotation at the ensuing AGM. All details pertaining to his appointment are detailed in the Notice of 38th AGM.

Declaration by Independent Directors

In accordance with the Section 149(7) of the Act, each Independent Director has given a written declaration to the Company at the time of their appointment and at the first meeting of the Board of Directors in every financial year confirming that he/she meets the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (LODR) Regulations, 2015. Also, in the opinion of the Board, the Independent directors meet the said criteria.

Number of Board Meetings and attendance thereat by Board:

Your Board of Directors ("Board") meets at regular intervals to discuss and decide on various business policies, strategies, financial matters and other businesses. However, in case of an exigency or urgent business matters, the Board's approval is taken by passing Resolutions by Circulation or on a shorter notice for such matters as permitted by law. The notice of Board meeting is given well in advance to all the Directors of the Company.

The maximum interval between any two meetings did not exceed 120 days as prescribed in the Companies Act, 2013.

During the Financial Year 2018-19, Total 4 (Four) meetings of the Board of Directors of the Company were held on 30th May, 2018, 14th August, 2018, 12th November, 2018 and 12th February, 2019. The details of attendance of each Director at the Board Meetings are given below;

Sr. No.	Name of Director	No. of meetings eligible	No. of Board Meetings attended	Attendance at 37 th AGM 27 th September, 2018
1	Amit Devchand Rambhia	4	4	Yes
2	Jayachandran Sunderamoorthy	4	4	Yes
3	Rohit Mathur	4	3	No
4	Meeta Mehta	4	4	Yes
5	Anil Jaychand Dagade	4	4	Yes

During the year under review there was one General Meeting held on 27th September, 2018 i.e. Annual General Meeting and attendance of Directors thereat is mentioned above.

Compliance with Secretarial Standards on Board and Annual General Meetings:

The Company has complied with Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

Committees of the Board:

The Board of Directors has constituted various statutory committees comprising of Executive, Non-Executive and Independent Directors to discharge various functions, duties and responsibilities cast under the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable statutes, rules and regulations applicable to the Company from time to time. The Committees also focus on critical functions of the Company in order to ensure smooth and efficient business operations. The Board of Directors is responsible for constituting, assigning, co-opting and fixing the terms of reference of these committees in line with the extant