



**NOTICE**

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the members of Pentokey Organy (India) Limited, will be held on Tuesday, the 14th August, 2012 at 4.45 p.m. at Kilachand Conference Hall, 2nd Floor, Indian Merchant Chambers, Churchgate, Mumbai- 400 020 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date with Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended on 31st March, 2012.
3. To appoint a Director in place of Dr. Sampatraj B. Chandalia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Girish M. Kajaria, who retires by rotation and being eligible, offers himself for re-appointment.
5. To reappoint M/s. Desai Saksena & Associates, Chartered Accountants, as Auditors of the Company to hold office, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**Registered Office**

Somaiya Bhavan,  
45/47, M. G. Road, Fort,  
Mumbai - 400001.

By Order of the Board of Directors

**Priyanka S. Jain**  
Company Secretary

Place : Mumbai

Date : 28th May, 2012

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Members are requested to notify any change in their address to the Company's Registrars and Share Transfer Agent 'Datamatics Financial Services Limited', Plot No. B-5, MIDC, Part B, Cross Lane, Andheri (East), Mumbai- 400093
3. The Register of members and Share Transfer Books of the Company will remain closed from 11th August, 2012 to 14th August, 2012 (both days inclusive).
4. Members/proxies should bring their copies of the Annual Report and the admission slip duly filled in for attending the meeting.
5. Members seeking any information on the Accounts at the Annual General Meeting should write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.

**Registered Office**

Somaiya Bhavan,  
45/47, M. G. Road, Fort,  
Mumbai - 400001.

By Order of the Board of Directors

**Priyanka S. Jain**  
Company Secretary

Place : Mumbai

Date : 28th May, 2012



## PENTOKEY ORGANY (INDIA) LIMITED

### DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty-fifth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2012.

#### 1. FINANCIAL HIGHLIGHTS

The financial performance of the Company for the financial year ended 31st March, 2012 is summarised below: -

	(₹ in Lacs)	
	Financial Year 2011-2012	Financial Year 2010-2011
Gross Income	9,730.24	6123.82
Profit/(Loss) before Interest and Depreciation	517.80	363.63
Less: Interest	138.68	28.99
Profit/(Loss) before Depreciation	379.12	334.64
Less: Depreciation	134.17	128.13
Profit/(Loss) for the year	244.95	206.51
Add : Deferred Tax Credit	40.56	61.49
Net Profit/(Loss) for the year after Tax	285.51	268.00

#### Financial performance:

Your Company improved upon last year's performance during the year under review. Gross Income of your Company increased by 59% to ₹ 9,730.24 Lacs as against ₹ 6,123.82 lacs in the previous year. During the financial year under review, the Profit before Interest and Depreciation increased by 42% to ₹ 517.80 Lacs as against ₹ 363.33 Lacs in the previous year. The Company earned Net Profit of ₹ 285.51 Lacs during the year as against ₹ 268.00 Lacs in the previous year registering thereby a growth of 6.53% in Net Profit after Tax. This has been achieved through continued focus on business development and lowering the operating cost.

#### 2. REVOCATION OF SUSPENSION IN TRADING

The Board of Directors of the Company had applied to the Bombay Stock Exchange Limited for Revocation of Suspension of trading in Equity Shares of the Company. On completing of all the revocation formalities, the Bombay Stock Exchange Limited had vide their Notice no. 20111103-14 dated 3rd November, 2011, granted approval for trading in Equity Shares of the Company from Friday the 11th November, 2011. Accordingly, the Equity Shares of the Company are now actively traded on the Bombay Stock Exchange Limited.

#### 3. DIVIDEND

The Board of Directors is pleased to recommend dividend of ₹ 1/- per Equity Share of ₹ 10/- each. This dividend is subject to the approval of the Members at the forthcoming 25th Annual General meeting to be held on 14th August, 2012.

In the previous year, to maintain liquidity dividend was not recommended.

#### 4. FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 from the public.

#### 5. DIRECTORS

Dr. Sampatraj B. Chandalia and Shri Girish M. Kajaria, Directors of the Company, retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

#### 6. AUDITORS

M/s. Desai Saksena & Associates, Chartered Accountants, Mumbai, retire as Statutory Auditors of the Company at the ensuing Annual General Meeting and offer themselves for reappointment. The Company has received a letter from the retiring auditors that their appointment as Statutory Auditors, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

#### 7. INSURANCE

Your Company's assets continue to be adequately insured against the risk of fire, riot and earthquake among other things.

In addition to the above, adequate coverage has been taken to cover the public liability and product liability claims.



## 8. FOREIGN EXCHANGE MANAGEMENT

The Company's exposure to foreign exchange risk comprises the risk of foreign currency versus the local currency.

## 9. INDUSTRIAL RELATIONS

The Company maintains harmonious and cordial relations with its workers and staff in all its Divisions, which enabled it to achieve this performance level on all fronts.

## 10. PARTICULARS OF EMPLOYEES

The Company has no employees in respect of whom information under sub-Section 2A of Section 217 of the Companies Act, 1956 is required to be furnished.

## 11. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors state that

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed alongwith the proper explanation relating to material departures;
- (ii) 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 or loss of the company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.

## 12. CORPORATE GOVERNANCE

Your company believes in transparency and has always maintained a very high level of corporate governance. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance is given as an annexure to this Report. Your company is in full compliance with the requirements and disclosures that have to be made in this regard.

## 13. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure -I which forms part of this report.

## 14. MANAGEMENT DISCUSSION AND ANALYSIS

Your Company essentially manufactures renewable chemical using Ethanol from Molasses as its feedstock. Ethyl Acetate is major product amongst the product portfolio that your company offers. Your company is also manufacturing intermediate chemicals like Aldehyde. The plant is versatile and has option of either buying intermediate product or manufacturing the intermediate product from ethanol depending upon market conditions. This flexibility in operations due to above helps your company to optimize its profitability.

The chemical market continued to be volatile during period under review. The volatility in Ethyl Acetate prices was seen in both local and International market mainly due to sharp variation in Raw Material and crude oil prices. The Raw Material i.e. Acetic Acid and Ethanol had similar sharp fluctuation in prices.

Your company also increased its production capacity to about 18000 TPA from 12000 TPA last year and this has helped your company to increase its gross turnover by about 59%. In view of increased production of Sugar and Ethanol during current year as well as next year coupled with continued growth in Ethyl Acetate market, we expect to maintain our competitive edge in next year.

### Opportunities and Threats:

Ethyl Acetate has a huge demand in the International market. With a view of entering into these International markets and become an International player, your company has started exporting Ethyl Acetate from this year. The Ethyl Acetate product quality meets the International standards and has been appreciated by International customers. Your company feels that there is a tremendous scope to tap International market and diversify its risk of price fluctuation in the local market.

The weak economic outlook within and outside India for the Financial Year 2012-13 will have impact on the user industries i.e. packaging, pharmaceuticals and paint industry and thus on the demand for Ethyl Acetate. This might eventually have downward pressure on the finished product prices. Your company envisions reducing this risk by diversifying its sales geographically

Also, since the availability and price of Ethanol, which is the by-product of Sugar, largely depends upon the performance of Sugar industry, any fluctuation in the production of sugar due to agro-climatic conditions or for any other reason would affect the availability and price of Ethanol.



## PENTOKEY ORGANY (INDIA) LIMITED

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### **Segment wise and Product wise performance:**

Ethyl Acetate and Acetaldehyde are the main renewable chemicals manufactured by your Company. It contributes more than 95% of company's revenue.

With the vision to tap larger share in the growing Ethyl Acetate market, your Company increased its Ethyl Acetate expansion from 12000 TPA to 18000 TPA in January, 2012. The quality of Ethyl Acetate manufactured by your company is very well accepted by the customers from various segments of industry like packaging, pharmaceutical, paint etc.

During the year under review, the production of intermediate product namely Acetic Acid was not competitive compared with the market prices of Acetic Acid. Your company therefore purchased the Acetic Acid from market instead of producing the same from Ethanol or Acetaldehyde. As a result of this, production of Acetaldehyde, which is an intermediate product for Acetic Acid, was also low. Acetaldehyde was produced only to the extent of demand from customers. Your company could source Ethanol from various distilleries at competitive prices due to improved production of Sugar and Ethanol within the State of Maharashtra.

### **Risks and Concerns:**

The price volatility of Ethyl Acetate and the Raw Material is the major risk for the business. Ethyl Acetate like other chemicals is subject to fluctuations in demand by the user industries as well as the prices of the main materials namely Ethanol and Acetic Acid. Your company tries to minimize its price risk and operation risk by having close monitoring on operating parameters, Raw Material procurement at competitive price and supply good quality product to its customers.

### **Internal Control System:**

Your company has adequate internal control system including suitable procedures which commensurate with its size and the nature of the business. The internal control system provides for all documented policies, guidelines, authorization and approval procedures. Internal Audit is being carried out throughout the year in areas such as Income, Expenditure, Financial Accounting and Statutory Compliances. The primary objective of such audit is to test the adequacy and effectiveness of all internal controls laid down by the Management and to suggest improvements.

### **Human Resources:**

The employees of the Company including officers and workers contributed greatly to the improved performance of the Company. Your company expects same contribution from the employees during the years to come to enable it to achieve the targeted growth.

### **Cautionary Statement:**

Certain statement in the management discussion and analysis may be forward looking within the meaning of applicable securities laws and regulations and actual results may differ materially from those expressed or implied. Factors that would make differences to Company's operations include competition, price realization, changes in government policies and regulations, tax regimes, economic development and other incidental factors.

## **15. APPRECIATION**

Your Directors wish to place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry.

Your Directors would like to express their sincere appreciation for assistance and co-operation received from the Vendors and Stakeholders including Financial Institutions, Banks, Central and State Government Authorities, Customers and other Business Associates, who have extended their valuable sustained support and encouragement during the year under review. It will be the Company's endeavour to build and nurture the strong links with its stakeholders.

For and on behalf of the Board of Directors

**S. Mohan**  
Whole-time Director

**Rajendra V. Shah**  
Director

Place : Mumbai  
Date : 28th May, 2012

**ANNEXURE - I**

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 attached to and forming part of the Directors' Report for the year ended 31st March, 2012.

**I. CONSERVATION OF ENERGY:**

Energy conservation measure taken:

Constant efforts are being made to improve power factor and to effect savings in power and fuel consumption.

**Total energy consumption and energy consumption per unit of production are as under:**

<b>A. POWER AND FUEL CONSUMPTION</b>	<b>CURRENT YEAR 2011-12</b>	<b>PREVIOUS YEAR 2010-11</b>
1. Electricity:		
(a) Purchased	1814	1754
Units (KWH) (in Thousand)		
Total Amounts (₹ in Lacs)	128.64	99.24
Rate/ Unit (₹)	7.09	5.66
(b) Own Generation		
Through Turbine		
Units (KWH) (in Thousand)	-	243
2. Coal:		
Quantity (M.Ts.)	9360	6830
Total Cost (₹ in Lacs)	474	313
Average Rate (₹ per kg)	5.07	4.59
3. Furnace Oil:		
Quantity (M.Ts.)	102	104
Total Cost (₹ in Lacs)	30.25	26.35
Average Rate (₹ per kg)	29.66	25.29
4. Light Diesel Oil	Nil	Nil
5. Other/ Internal generation	Nil	Nil
<b>B. CONSUMPTION PER UNIT PRODUCTION</b>		
1. Electricity (Unit)		
Acetaldehyde	301	213
Ethyl Acetate	101	108
2. Furnace Oil (Kgs.)		
Acetaldehyde	26	19
Ethyl Acetate	5	6
3. Coal (Kgs.)		
Acetaldehyde	451	378
Ethyl Acetate	511	455

**II. TECHNOLOGY ABSORPTION ADAPTATION, INNOVATION AND RESEARCH AND DEVELOPMENT:**

No Technology has been imported by the Company. Technology innovation and changes wherever possible are being absorbed and adopted.

**III. FOREIGN EXCHANGE EARNING AND OUTGO:**

	<b>2011- 12</b>	<b>Amount in ₹. 2010-11</b>
Earning	46,498,712	2,795,958
Outgo	102,674,538	Nil

For and on behalf of the Board of Directors

**S. Mohan**  
Whole-time Director

**Rajendra V. Shah**  
Director

Place : Mumbai  
Date : 28th May, 2012



## PENTOKEY ORGANY (INDIA) LIMITED

### CORPORATE GOVERNANCE

#### Company's Philosophy on Code of Governance

Pentokey Organy (India) Limited has always focused on good Corporate Governance, which is a key driver of sustainable corporate growth. Your Company continuously endeavours to improve on these aspects on an ongoing basis. Pentokey Organy (India) Limited recognizes "values and commitments" policy. We are committed to an ethical treatment to all our Employees, our Customers, our Shareholders, our Lenders, our Suppliers and the Government. Your Company has been constantly devising measures to improve upon to adopt effective Corporate Governance by creating an environment based on professionalism, entrepreneurship and pursuit for excellence. Corporate Governance policies and practices are in accordance with the provisions of Clause 49 of the Listing Agreement.

#### (I) Board of Directors

##### Composition

The Board of Directors of the Company has an optimum combination of Executive and Non Executive Directors to maintain the independence of the Board. Presently the Board consists of a total six Directors, out of which three are Independent Non Executive Directors. The Non Executive Directors of the Company are experienced professionals in their respective fields. The necessary disclosures regarding committee positions have been made by all the Directors.

##### Board Procedures

During the financial year 2011-2012 the Board of Directors has met four times on the following dates: 26th May, 2011, 10th August, 2011, 9th November, 2011 and 31st January, 2012. The gap between two meetings did not exceed four months. The meetings were held as per the mandatory requirements and the dates of the meetings were generally decided well in advance. The meetings are governed by a detailed agenda. The agenda papers, containing detailed notes on various items and other information, which would enable the Board to discharge its responsibility effectively, are circulated in advance to the Directors. The statements of Shareholders'/ Investors' grievances received and resolved are also placed before the Board.

##### Attendance Record Directorships and Membership of Directors

Table 1 gives the composition of the Board and the attendance record of all the Directors at four Board meetings held during the financial year 2011-12, as well as at the last Annual General Meeting as also the number of Directorships and Committee Memberships held by them in other Companies.

Name of Directors	Category	Attendance particulars		Directorships in Companies		Memberships/ Chairmanships In Committees	
		Board Meeting	Last AGM Held on 10.08.2011	In Listed Companies	In Unlisted Public Ltd Companies	Chairman	Member
Rajendra V. Shah	Promoter, Chairman & Director	3	Yes	—	—	—	—
Dr. Sampatraj B. Chandalia	Non-executive, Independent	2	Yes	—	—	—	1
Devendra J. Shrimanker	Non-executive, Independent	4	Yes	—	—	1	3
Girish M. Kajaria	Non-executive	3	No	—	—	—	1
Shyam C. Balsekar	Non-executive, Independent	3	No	—	—	1	1
S. Mohan	Whole-time Director	4	Yes	—	—	—	1

Notes (1) Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

(2) Only Audit Committee, Shareholders Grievance Committee and Remuneration Committee are considered for the purpose of Committee positions as per Listing Agreement.

##### Information supplied to the Board

The Board has complete access to all information within the Company and is presented with all the relevant information on various vital matters affecting the working of the Company as well as those that require deliberation at the highest level. Extensive information is provided on various critical items such as: (a) Annual operating plans and budgets and any updates b) Capital Budgets and any updates c) Quarterly Financial Results d) Minutes of meetings of audit committee and other committees of the Board. e) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems f) Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company g) Share Transfer Compliance

#### (II) Code of Conduct

In Compliance with the requirement of Clause 49 of the Listing Agreement, the Company has adopted Code of Conduct for Directors and Senior Management. All Board members and Senior Management personnel have affirmed compliance with the applicable code of conduct.



**(III) Audit Committee:**

**Constitution and Composition**

The Audit Committee of the Company comprises of Shri Devendra J. Shrimanker, Chairman of the Committee, Dr. Sampatraj B. Chandalia, Independent Director and Shri S. Mohan, Whole-time Director. All members of the Audit Committee have knowledge on financial matters and the Chairman of the Audit Committee is a senior Chartered Accountant in practice having accounting and financial management expertise.

Ms. Priyanka Jain is the Secretary to the Audit Committee.

**Terms of reference**

In compliance with Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement, the terms of reference of Audit Committee are as under:

1. Oversee the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re- appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit Fees.
3. Compliance with Listing and other legal requirements relating to financial statements.
4. Disclosures of any related party transactions
5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of Internal Control systems and recommending improvements to the management.
7. Discussion with Internal Auditor on any significant findings and follow-up thereon.
8. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The minutes of the Audit Committee Meetings are circulated to the Board, discussed and taken note of.

**Meetings and attendance**

The Audit Committee met four times during the financial year 2011-12, 26th May, 2011, 10th August, 2011, 9th November, 2011 and 31st January, 2012. The meetings were scheduled well in advance. In addition to the members of the Audit Committee these meetings were attended by Statutory Auditors and those executives of the Company who were considered necessary for providing inputs to the Committee.

Names of the Directors	No. of Meetings attended
1. Shri Devendra J. Shimanker	4
2. Shri S. Mohan	4
3. Dr. Sampatraj B. Chandalia	2

**(IV) Remuneration Committee**

The Board has constituted Remuneration Committee comprising Shri Shyam C. Balsekar, (Chairman of the Committee), Independent Director, Shri Devendra J. Shrimanker, Independent Director and Shri Girish M. Kajaria, Non Executive Director.

Meeting of this committee are held only when required.

Terms of Reference: The Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director / Executive Directors.

**Remuneration of Directors**

a. The remuneration paid to the Whole-time Director is within the ceiling as per resolution approved by the shareholders. Details of the remuneration paid to the whole-time Director for the Financial Year ended 31st March, 2012 is given below:-

Name of the Director	Category	Salary	Service Years	Contract Period
S. Mohan	Whole-time Director	12,53,565	3	5th August,2010 to 4th August, 2013





## PENTOKEY ORGANY (INDIA) LIMITED

b. Details of Sitting Fees paid to the Non Executive Directors for the Financial Year ended 31st March, 2012 is given below: -

<b>Non Executive Directors</b>	<b>Sitting Fees Amount in ₹</b>
1. Shri Rajendra V. Shah	10,500
2. Dr. Sampatraj B. Chandalia	14,000
3. Shri Devendra J. Shrimanker	28,000
4. Shri Girish M. Kajaria	10,500
5. Shri Shyam C. Balsekar	10,500

### **Shareholders Grievances Committee**

#### **(V) Shareholders Grievances Committee**

The Company has constituted a Shareholder Grievances Committee in compliance with the Clause 49 of the Listing Agreement. The Committee comprises of two Directors viz. Shri Shyam C. Balsekar and Shri Devendra J. Shrimanker. The Committee looks into the matter of share transfers, issue of duplicate certificates and other related matters.

No Transfers /Transmission are pending as on 31st March, 2012.

#### **(VI) Shareholders**

##### **Communications to Shareholders**

Pentokey Organy (India) Limited recognizes communication as a key element of the overall Corporate Governance framework. The Company responds to the shareholders queries regularly and no such queries are pending.

##### **Means of Communication**

Quarterly Result/Annual Results: The results of the Company are published in the newspapers such as Free Press Journal and Nav Shakti.

##### **Website**

The results are also regularly posted on the Company's website: [www.pentokey.com](http://www.pentokey.com) The Annual Report is also available on the website in a user-friendly and downloadable manner. Apart from this, official news releases, Shareholding patterns, Corporate Governance is also available on the company's website.

### **Details of General Body Meetings**

#### **For the period ended**

31st March, 2011

#### **Date, Time and Locations**

5th August, 2011 at 4.45 p.m.  
Kilachand Conference Hall,  
2nd Floor, Indian Merchant Chamber,  
Churchgate, Mumbai- 400 020

31st March, 2010

5th August, 2010 at 3.30 p.m.  
Somaiya Bhavan, 45/47,  
M.G. Road, Fort, Mumbai- 400 001

### **(VII) General Shareholders Information**

Annual General Meeting

Day, Date, Time & Venue

14th August, 2012 at 4.45 p.m  
Kilachand Conference Hall,  
2nd Floor, Indian Merchant Chambers,  
Churchgate, Mumbai- 400 020

#### **Dates of Book Closure**

The Register of Members and Share Transfer Books of the Company will remain closed from 11th August, 2012 to 14th August, 2012. (both days inclusive)

#### **Dividend Payment Date**

The Directors have proposed a Dividend of 10% subject to the approval of shareholders at the ensuing Annual General Meeting and the same will be paid on or after 14th August, 2012.

#### **Listing on Stock Exchanges**

Bombay Stock Exchange Ltd. (BSE)  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001





The Stock Exchange, Ahmedabad  
Kamdhenu Complex, Opp. Sahjanand  
College, Panjrapole  
Ahmedabad - 380 015

**Scrip Code**

The Stock Exchange, Mumbai 524210  
The Stock Exchange, Ahmedabad 44750

The Company has paid the Annual Listing fees upto financial year 2012-13 to the Bombay Stock Exchange (BSE)

**Dematerialisation of Shares and Liquidity**

Your company has signed agreements with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL), whereby the members have an option to get the shares dematerialized with any of the Depositories. Under the Depository system the International Securities Identification Number (ISIN) allotted to the Company's shares is INE702E01015.

**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversions date and likely impact on equity**

The Company has not issued GDRs/ADRs Warrants or any convertible instruments.

**Details of Non- Compliance**

There was no non compliance by the Company on any matters related to capital markets during the year under review.

**Market Price Data**

The Monthly high and low Quotation and the volume of shares traded on BSE are as under.

Month	High Price	Low price	No of trade
November, 2011	25.00	25.00	1
December, 2011	35.00	26.25	16
January, 2012	54.30	36.75	29
February, 2012	59.15	58.00	12
March, 2012	58.40	52.75	4

(Source: BSE website)

**Registrar & Transfer Agents**

Datamatics Financial Services Ltd.  
Plot No. B-5, MIDC, Part B,  
Cross Lane, Andheri (East),  
Mumbai - 400 093.

**Dematerialisation of Shares and Liquidity**

The details of Equity Shares dematerialised and those held in physical form as on 31st March, 2012 are given hereunder:

Particulars of Equity Shares	Equity Shares of ₹ 10/- each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised Form				
NSDL	33,725	0.60	230	1.25
CDSL	6,975	0.12	109	0.59
<b>Sub- total</b>	<b>40,700</b>	<b>0.72</b>	<b>339</b>	<b>1.84</b>
Physical Form	5,593,633	99.28	18,101	98.16
<b>Total</b>	<b>5,634,333</b>	<b>100</b>	<b>18,440</b>	<b>100</b>



## PENTOKEY ORGANY (INDIA) LIMITED

### Distribution of Shareholdings

Table 2 gives details about the pattern of Shareholdings among various categories as on 31st March, 2012, while table 3 gives the data according to size classes: -

**Table 2: Distribution of shareholdings across categories**

	As on 31st March, 2012		As on 31st March, 2011	
	No. of Shares	% to Total Capital	No. of Shares	% to Total Capital
Promoters and Promoter group (Including Directors and Relatives)	4,685,223	83.16	4,685,223	83.16
Foreign Institutional investors	-	-	-	-
Public Financial Institutions	84,490	1.50	84,490	1.49
Mutual funds	2,400	0.04	3,900	0.07
Nationalized and Other banks	-	-	-	-
Private Corporate Bodies	44,750	0.79	43,825	0.78
NRIs and OCBs	-	-	-	-
Individual holding nominal capital upto ₹ 1 lakh	97,419	1.73	-	-
Others (Public)	720,051	12.78	816,895	14.50
<b>Total</b>	<b>5,634,333</b>	<b>100.00</b>	<b>5,634,333</b>	<b>100.00</b>

**Table 3: Distribution of shareholdings according to size class as on 31st March, 2012**

Sr. No.	Shares Range	No. of Shares	% to Capital	No. of Holders	% to No. of Holders
	From To				
1	1 500	623,401	11.06	18,334	99.43
2	501 1000	30,725	0.55	45	0.24
3	100 12000	30,025	0.5	322	0.12
4	2001 3000	16,775	0.30	7	0.04
5	3001 4000	23,000	0.41	7	0.04
6	400 15000	9,125	0.16	2	0.01
7	500 110000	74,000	1.31	10	0.05
8	10001 50000	126,775	2.25	6	0.03
9	50001 99999999	4,700,507	83.43	7	0.04
	<b>TOTAL</b>	<b>5,634,333</b>	<b>100.00</b>	<b>18,440</b>	<b>100.00</b>

#### Plant Location

D-1/1, MIDC, Lote  
Parshuram, Tal Khed,  
Dist Ratnagiri,  
Pin - 415 722

#### Address for Correspondence

Somaiya Bhavan  
45/47, M. G. Road, Fort,  
Mumbai-400 001  
www.pentokey.com

#### Declaration by the Whole-time Director under Clause 49 of the Listing Agreement regarding Code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2012.

Mumbai  
28th May, 2012

**For Pentokey Organy (India) Ltd.**  
S. Mohan  
Whole-time Director



**Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) under Clause 49 of the Listing Agreement**

The Board of Directors  
Pentokey Organy (India) Limited

We certify that:

1. We have reviewed the financial statement, read with the cash flow statement of Pentokey Organy (India) Limited (the Company) for the year ended 31st March, 2012 and to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements and other financial information included in this report present a true and fair view of the Company's affair and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
4. We have disclosed to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
  - a) significant changes in the Company's internal control over financial reporting during the year.
  - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - c) instances of significant fraud of which we have become aware and involvement therein if any of management or other employees having a significant role in the Company's internal control system over financial reporting.

Mumbai  
28th May, 2012

**For Pentokey Organy (India) Ltd.**  
S. Mohan  
Whole-time Director

**Auditors' Certificate on Corporate Governance**

To the Members

**Pentokey Organy (India) Limited**

We have reviewed the records concerning the Company's compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company with the Stock Exchanges for the year ended on 31st March, 2012.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review, and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

On the basis of the records maintained by the Company, we state that there are no Investor Grievances pending against the Company for a period exceeding one month.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Desai Saksena & Associates**  
Chartered Accountants  
(Firm Reg. No. 102358W)

Place : Mumbai  
Date : 28th May, 2012

**Dr. S. N. Desai**  
Partner  
M. No. 32546



## PENTOKEY ORGANY (INDIA) LIMITED

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### Auditors' Report

TO THE MEMBERS OF

### PENTOKEY ORGANY (INDIA) LIMITED

1. We have audited the attached Balance Sheet of PENTOKEY ORGANY (INDIA) LIMITED, as at 31st March, 2012, the Statement of Profit and Loss of the Company and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") (as amended) issued by the Central Government of India in terms of sub- Section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure, referred to in paragraph 3, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012 from being appointed as director in terms of Clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Desai Saksena & Associates**  
Chartered Accountants  
(FRN102358W)

**Dr. S.N. Desai**  
Partner  
M.No.32546

Place : Mumbai  
Date : 28th May, 2012

### Annexure to the Auditors' Report

(Referred to in paragraph 3 of the Auditors' Report of even date)

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As per the explanation given to us, the Company has designed a phased programme for the physical verification of its fixed assets and accordingly, a portion of the fixed assets are verified every year to cover all the items in reasonable time frame. Pursuant to the said programme, during the year, a portion of fixed assets of the Company



have been physically verified by the management. As explained to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.

- (c) In our opinion, during the year the Company has not disposed off any part of the fixed assets, and in our opinion the going concern status of the Company is not affected.
- ii. In respect of its inventories:
- (a) As explained to us, inventories, raw materials and finished goods were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate, in relation to the size of the Company and nature of its business.
- (c) The Company has maintained proper records of its inventories. As explained to us, there was no material discrepancies noticed on the physical verification of inventory as compared to the book records.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
- (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to the parties listed in the Register maintained under Section 301 of the Companies Act, 1956, provisions of clauses (iii) (b), (iii)(c) and (iii)(d) of Paragraph 4 of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has taken interest bearing loan from a party listed in the Register maintained under Section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year and the year end balance was ₹ 100 Lacs.
- (c) In our opinion and according to the information and explanations given to us, other terms and conditions of such loans taken by the Company are prima facie, not prejudicial to the interest of the Company.
- (d) No principal amount was due for repayment during the year.
- iv. In our opinion, and according to the information and explanation given to us, having regard to the explanation, except that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations; there are adequate internal control systems which commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any major weaknesses in such internal control systems.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956,
- (a) In our opinion and according to the information and explanations given to us, there were no transactions of sale & purchase during the year with the parties covered under register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, as there are no contracts or agreements that need to be entered into register maintained under Section 301 Companies Act 1956, provisions of Clause (v)(b) of Paragraph 4 of the Order are not applicable.
- vi. In According to the information and explanations given to us, in our opinion the Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, the Company has not received any order under above-mentioned Sections from the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any Court or any other Tribunal.
- vii. The Company has an adequate internal audit system commensurate with the size and nature of the business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules of the Central Government for maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed accounts and records have been maintained and are being made up. We have not however, made a detailed examination of the said records.
- ix. In respect of statutory and other dues,
- (a) According to the information, explanations and records of the Company in respect of statutory and other dues, the Company, subject to concessions given by Board for Industrial and Financial Reconstruction (BIFR), has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues, applicable to it, with the appropriate authorities during the year. BIFR vide its order dated 26th September, 2007 and vide its deregistration Order dated 16th October, 2009 has granted relief to the Company from payment of Minimum Alternative Tax (MAT)



## PENTOKEY ORGANY (INDIA) LIMITED

payable under Section 115JB of the Income Tax Act, 196. Accordingly the Company has not provided for the said liability.

BIFR vide its Order dated 26th September, 2007 and deregistration Order dated 16th October, 2009 has granted various reliefs and concessions, including rescheduling of the payment of the statutory dues. As per the explanation given by the Company, the dues are paid in accordance with the said order of BIFR.

- (b) According to the information and explanation given to us, details of dues which have not been deposited on account of a dispute are given below:

Particulars	Financial Year to which it Pertains	Forum Where Dispute is pending	Amount (₹ in Lacs)
Transport Fees	2002-2007	High Court	103.24 lacs
Sales Tax	2003-04	Maharashtra Sales Tax Tribunal	193.96 lacs

- x. The Company does not have accumulated losses as at 31st March, 2012. The Company has not incurred any cash losses during the financial year covered by the audit. The Company has not incurred cash losses immediately preceding financial year.
- xi. Based on our audit procedure and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions or banks.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not granted any loans and advances, on the basis security by way of pledge of shares, debentures and any other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provision of Clause 4(xiii) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xiv. According to information and explanations given to us, we are of the opinion that the Company is not trading in shares, debentures and other investments. Therefore the provision of Clause 4(xiv) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others, from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been generally applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no short-term funds have prima facie, been used during the year for long-term investments.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares during the accounting year.
- xix. According to the information and explanations given to us, the Company has not issued any debentures; hence question of creation of security or charge do not arises.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **Desai Saksena & Associates**  
Chartered Accountants  
(FRN102358W)

**Dr. S.N. Desai**  
Partner

M.No.32546

Place: Mumbai  
Date : 28th May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2012	As at 31st March, 2011
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders Fund</b>			
a) Share Capital	2	56,343,330	56,343,330
b) Reserves and Surplus	3	28,041,093	6,038,352
		<u>84,384,423</u>	<u>62,381,682</u>
<b>2 Non-current Liabilities</b>			
a) Long-term Borrowings	4	59,542,307	26,100,000
b) Other Long-term Liabilities	5	1,711,132	826,449
c) Long-term Provisions	6	2,956,685	2,781,128
		<u>64,210,124</u>	<u>29,707,577</u>
<b>3 Current Liabilities</b>			
a) Short-term Borrowings	7	66,377,240	15,180,023
b) Trade Payables	8	59,108,184	91,433,706
c) Other Current Liabilities	9	27,822,736	31,002,313
d) Short-term Provisions	10	6,608,799	597,439
		<u>159,916,960</u>	<u>138,213,481</u>
<b>TOTAL</b>		<b><u>308,511,507</u></b>	<b><u>230,302,740</u></b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
a) Fixed Assets	11		
(i) Tangible Assets		109,117,518	84,227,636
(ii) Intangible Assets		21,756	29,051
(iii) Capital Work-in-progress		3,572,669	26,908,710
		<u>112,711,944</u>	<u>111,165,397</u>
b) Non-current Investments	12	5,500	5,500
c) Deferred Tax Assets (Net)	13	16,384,725	12,329,100
d) Long-term Loans and Advances	14	42,407,026	23,190,991
e) Other non-current Assets	15	-	-
		<u>58,797,251</u>	<u>35,525,591</u>
<b>2 Current Assets</b>			
a) Inventories	16	67,854,456	66,610,496
b) Trade Receivables	17	16,731,391	1,630,212
c) Cash and Bank Balance	18	9,899,557	3,015,639
d) Short-term Loans and Advances	19	42,454,247	12,340,767
e) Other Current Assets	20	62,661	14,639
		<u>137,002,312</u>	<u>83,611,753</u>
<b>TOTAL</b>		<b><u>308,511,507</u></b>	<b><u>230,302,740</u></b>

Significant Accounting Policies and Notes to Accounts 1 to 41

**As per our report of even date attached****For Desai Saksena & Associates**

Chartered Accountants

**Dr. S.N. Desai**

Partner

M.N. 32546

Place : Mumbai

Date : 28th May, 2012

**For and on behalf of the Board of Directors****S. Mohan**

Whole-time Director

Place : Mumbai

Date : 28th May, 2012

**Rajendra V. Shah**

Director

**Priyanka S. Jain**

Company Secretary





## PENTOKEY ORGANY (INDIA) LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

Particulars	Note No.	Year ended 31st March, 2012	Year ended 31st March, 2011
1			
Sale of Goods (Gross)	21	1,055,699,937	671,442,950
Less: Excise Duty		84,199,013	59,873,440
		<u>971,500,924</u>	<u>611,569,510</u>
2			
Other Income	22	1,522,675	812,687
<b>3</b>			
<b>Total Revenue (1+2)</b>		<b><u>973,023,598</u></b>	<b><u>612,382,197</u></b>
<b>4</b>			
<b>Expenses</b>			
a) Cost of Materials Consumed	23	794,421,250	497,441,637
b) Changes in Inventories of Finished Goods, Work-in-Process	24	(6,116,087)	(9,932,487)
c) Employee Benefits Expense	25	19,324,345	17,144,627
d) Finance Costs	26	13,868,118	2,898,588
e) Depreciation and Amortisation Expense	11	13,416,658	12,812,784
f) Other Expenses	27	113,613,834	71,365,786
<b>Total Expenses</b>		<b><u>948,528,119</u></b>	<b><u>591,730,935</u></b>
<b>5</b>			
<b>Profit / (Loss) before Tax</b>		<b><u>24,495,480</u></b>	<b><u>20,651,262</u></b>
<b>6</b>			
<b>Tax Expense:</b>			
a) Current Tax Expense (Refer to the Note 36)		-	-
b) Deferred Tax Credit		4,055,625	6,149,100
		<u>4,055,625</u>	<u>6,149,100</u>
<b>7</b>			
<b>Profit / (Loss) for the Year</b>		<b><u>28,551,105</u></b>	<b><u>26,800,362</u></b>
<b>8</b>			
<b>Earnings Per Equity Share of face value ₹ 10/-</b>			
Basic and Diluted Before and After Exceptional Items		<b>5.07</b>	<b>4.76</b>

Significant Accounting Policies and Notes to Accounts 1 to 41

As per our report of even date attached

For Desai Saksena & Associates

Chartered Accountants

Dr. S.N. Desai

Partner

M.N. 32546

Place : Mumbai

Date : 28th May, 2012

For and on behalf of the Board of Directors

S. Mohan

Whole-time Director

Place : Mumbai

Date : 28th May, 2012

Rajendra V. Shah

Director

Priyanka S. Jain

Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

(Amount in ₹)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax after Exceptional items	24,495,480	20,651,262
<b>Adjustment for:</b>		
Depreciation	13,416,658	12,812,784
Profit on Sale of Fixed Assets	(56,875)	-
Interest Income	(744,172)	(507,369)
Dividend Income	(6,300)	(75)
Interest and Finance Charges	13,868,118	2,943,843
Operating Profit before Working Capital Changes	50,972,909	35,900,445
<b>Adjusted for:</b>		
Inventories	(1,243,960)	(13,904,715)
Trade Receivable	(15,101,179)	6,598,220
Loans and Advances	(49,307,915)	(10,693,932)
Trade Payable and Other Liabilities	(42,140,219)	(23,449,291)
Net Cash from/(used in) Operating Activities	<b>(56,820,364)</b>	<b>(5,549,273)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Fixed Assets	(16,130,587)	(5,943,711)
Sale of Fixed Assets	56,875	-
Interest Income	674,549	485,747
Dividend Income	6,300	75
Cash generated from/(used in) Investing Activity	<b>(15,392,863)</b>	<b>(5,457,889)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Charges	(13,506,537)	(3,657,734)
Acceptance/(Repayment) of Borrowings (Net)	92,603,683	13,453,419
Cash generated from/(used in) Financing Activity	<b>79,097,145</b>	<b>9,795,685</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	<b>6,883,918</b>	<b>(1,211,477)</b>
Cash and Cash Equivalents at beginning of the year	3,015,639	4,227,116
Cash and Cash Equivalents at end of the year	9,899,557	3,015,639

**As per our report of even date attached****For Desai Saksena & Associates**

Chartered Accountants

**Dr. S.N. Desai**

Partner

M.N. 32546

Place : Mumbai

Date : 28th May, 2012

**For and on behalf of the Board of Directors****S. Mohan**

Whole-time Director

Place : Mumbai

Date : 28th May, 2012

**Rajendra V. Shah**

Director

**Priyanka S. Jain**

Company Secretary



## PENTOKEY ORGANY (INDIA) LIMITED

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### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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#### Note 1 : SIGNIFICANT ACCOUNTING POLICIES

**A) Basis of Preparation of Financial Statements:**

The financial statements have been prepared under the historical cost convention on an accrual basis of accounting in accordance with generally accepted accounting principles in India, the provisions of Companies Act, 1956 and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and practices generally prevalent in the industry.

**B) Use of Estimates:**

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**C) Fixed Assets and Depreciation:**

Fixed Assets are stated at cost net of Cenvat and Value added tax less accumulated depreciation including impairment loss. All cost relating to installation upto the commencement of commercial production are capitalised.

Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

Intangible assets are stated at cost of acquisition less accumulated amortization.

**D) Investments:**

The Investments being non-current in nature are carried at Cost or Fair realisable value where the diminution in fair value is permanent in nature.

**E) Inventories:**

Items of inventories are measured at lower of cost and net realisable value after providing for obsolescence, if any.

- i. Raw Materials and Stores and Spares are valued at cost.
- ii. Finished stock and process stock are valued at cost or net realisable value whichever is lower.
- iii. The valuation of inventories includes taxes, duties of non refundable nature and direct expenses, and other direct cost attributable to the cost of inventory, net of excise duty / counter-vailing duty / education cess and value added tax.

**F) Provision for Current tax and Deferred tax :**

- i. Tax on Income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of earlier year assessments/appeals.
- ii. Deferred Tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted and substantively enacted as on the Balance Sheet date.
- iii. Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty or virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**G) Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

**H) Revenue Recognition:**

- i. Sales revenue are recognised when goods invoiced and dispatched to the customers are recorded net off Excise Duty, Sales Tax, Sales returns and trade discounts.
- ii. Dividends are recognised when the right to receive them is established.

**I) Employee Benefits:**

- i. Short Term employee benefits are recognised as expenses at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- ii. Post employment employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation technique.

**J) Impairment of Assets:**

As asset is treated as impaired when the carrying cost of assets exceeds recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****K) Borrowing Cost:**

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing cost is charged to Statement of Profit and Loss.

**L) Foreign Currency Transaction:**

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transactions. Transaction gain or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. All monetary items denominated in foreign currencies at the year end are converted at the year end rates.

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 2 : SHARE CAPITAL</b>		
<b>Share Capital consist of the following:</b>		
<b>i Authorised</b>		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of ₹ 10/- each	400,000,000	400,000,000
<b>ii Issued</b>		
56,34,333 (Previous Year 56,34,333) Equity Shares of ₹ 10/- each	56,343,330	56,343,330
<b>iii Subscribed and Paid-up</b>		
56,34,333 (Previous Year 56,34,333) Equity Shares of ₹ 10/- each	56,343,330	56,343,330
<b>Total Share Capital</b>	<b>56,343,330</b>	<b>56,343,330</b>

**Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**  
(Amount in ₹)

Particulars	2011-12		2010-11	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares of ₹ 10/- each fully paid :</b>				
Shares outstanding at the beginning of the year	5,634,333	56,343,330	5,634,333	56,343,330
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,634,333	56,343,330	5,634,333	56,343,330

**iv Terms / Rights attached to Equity Shares :**

The Company has only one class of shares referred to as Equity Shares having a par value of ₹ 10/-. Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2012 the amount of per share proposed final dividend recognised as distributions to equity shareholders was ₹ 1/- per share ( P.Y.Nil)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts.

The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**v Share holders holding more than 5% of Equity Shares in the Company**

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
Sakarwadi Trading Co. Pvt. Ltd.	2,515,350	44.64	2,515,350	44.64
Somaiya Agencies Pvt. Ltd.	1,000,000	17.75	1,000,000	17.75
Jasmine Trading Co. Pvt. Ltd.	600,000	10.65	600,000	10.65

As per records of the Company, including its register of shareholders/members and other declaration received from shareholders, regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



## PENTOKEY ORGANY (INDIA) LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 3 : RESERVES AND SURPLUS</b>		
<b>i Capital Reserve :</b>		
Capital Subsidy (SICOM)	3,000,000	3,000,000
	<b>3,000,000</b>	<b>3,000,000</b>
<b>ii General Reserves</b>		
Opening Balance	-	-
Add : Transfer during the year	720,000	-
	<b>720,000</b>	<b>-</b>
<b>iii Profit and Loss Account</b>		
Opening Balance	3,038,352	(23,762,010)
Add : Profit / (Loss) for the year	28,551,105	26,800,362
	31,589,456	3,038,352
<b><u>Less : Appropriations</u></b>		
Proposed Dividend	5,634,333	-
Dividend Distribution Tax	914,030	-
Transfer to General Reserves	720,000	-
	7,268,363	-
	<b>24,321,093</b>	<b>3,038,352</b>
<b>TOTAL</b>	<b>28,041,093</b>	<b>6,038,352</b>
<b>Note 4: LONG TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
i Term Loan From Bank	22,521,180	-
ii Car Loans From Bank	921,127	-
<b>Total</b>	<b>23,442,307</b>	<b>-</b>
<b>UNSECURED LOANS</b>		
From Related Parties	10,000,000	-
From Other Parties	26,100,000	26,100,000
	<b>36,100,000</b>	<b>26,100,000</b>
<b>TOTAL</b>	<b>59,542,307</b>	<b>26,100,000</b>

#### Nature of Security and Terms of Repayment for Long Term Secured Borrowings

##### Nature of Security

Term Loan Amounting to ₹ 3,00,28,240/- (P.Y. ₹ Nil)  
Secured Against First Charge of Hypothecation of Assets  
acquired out of the Term Loan

##### Terms

Repayable in 16 quarterly installments commencing from  
June, 2012. Rate of interest Base Rate + 3.75 %



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 5 : OTHER LONG TERM LIABILITIES</b>		
Trade Payable	1,261,662	386,523
Other Long term Liabilities	449,470	439,926
<b>TOTAL</b>	<b>1,711,132</b>	<b>826,449</b>
<b>Note 6 : LONG TERM PROVISIONS</b>		
Provision For Gratuity	2,263,931	1,840,435
Provision For Leave Encashment	692,754	940,693
<b>TOTAL</b>	<b>2,956,685</b>	<b>2,781,128</b>
<b>Note 7 : SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Working Capital Loans from Bank	56,377,240	-
<b>UNSECURED LOANS</b>		
From Other Party	10,000,000	15,000,000
Sales Tax Deferral Liability	-	180,023
<b>TOTAL</b>	<b>66,377,240</b>	<b>15,180,023</b>
<b>Nature of Security</b>	<b>Terms</b>	
Working Capital Loan Fully Secured against Secured Hypothecation of Stocks and Book Debts	Rate of interest Base Rate + 3.75%	
<b>Note 8 : TRADE PAYABLES</b>		
Trade Payable	59,108,184	91,433,706
<b>TOTAL</b>	<b>59,108,184</b>	<b>91,433,706</b>
<b>Note 9 : OTHER CURRENT LIABILITIES</b>		
Current Maturities of Term Loan - Indian Overseas Bank	7,507,060	-
Current Maturities of Car Loan - ICICI Bank Ltd.	457,098	-
Interest Accrued and Due on Loans	361,581	-
Advances from Customers	13,812,522	6,435,367
Duties and Taxes	3,031,140	5,367,794
Other Current Liabilities	2,653,335	19,199,152
<b>TOTAL</b>	<b>27,822,736</b>	<b>31,002,313</b>
<b>Note 10 : SHORT TERM PROVISIONS</b>		
<b>i Provisions for Employee Benefits</b>		
Gratuity	46,029	343,969
Leave Encashment	14,407	253,470
<b>ii Other</b>		
Proposed Dividend	5,634,333	-
Dividend Distribution Tax	914,030	-
<b>TOTAL</b>	<b>6,608,799</b>	<b>597,439</b>



## PENTOKEY ORGANY (INDIA) LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### Note 11 : Fixed Assets, Depreciation and Amortisation Expense

(Amount in ₹)

PARTICULARS	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK			
	As at 1st April, 2011	Addition	Deletion/ Adjustments	As at 31st March, 2012	As at 1st April, 2011	For The Adjustment Year	Total Dep./Amrt. for the Year	As at 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011	
<b>A) Tangible Assets</b>											
Land (Leasehold)	987,872	-	-	987,872	197,593	10,400	-	10,400	207,993	779,879	790,279
Factory Building	28,347,567	7,677,458	-	36,025,025	16,232,662	1,010,740	-	1,010,740	17,243,402	18,781,623	12,114,905
Plant & Machinery	219,182,766	28,203,227	-	247,385,993	150,526,731	11,864,438	-	11,864,438	162,391,169	84,994,824	68,656,035
Electrical Installation	93,844	-	-	93,844	57,066	4,458	-	4,458	61,524	32,320	36,778
Office/Equipments	5,199,582	363,068	-	5,562,650	3,041,212	256,575	-	256,575	3,297,787	2,264,863	2,158,370
Computers	2,184,362	20,143	-	2,204,505	1,979,211	77,712	-	77,712	2,056,923	147,582	205,151
Furniture & Fixtures	2,225,470	67,126	-	2,292,596	1,959,352	136,984	-	136,984	2,096,336	196,260	266,118
Vehicles	708,250	1,968,222	708,250	1,968,222	708,250	48,056	708,250	48,056	48,056	1,920,166	-
<b>Subtotal (A)</b>	<b>258,929,713</b>	<b>38,299,245</b>	<b>708,250</b>	<b>296,520,708</b>	<b>174,702,077</b>	<b>13,409,363</b>	<b>708,250</b>	<b>13,409,363</b>	<b>187,403,190</b>	<b>109,117,518</b>	<b>84,227,636</b>
<b>B) Intangible Assets</b>											
Computer Software	45,000	-	-	45,000	15,949	7,295	-	7,295	23,244	21,756	29,051
Patents & Trade Mark	11,600	-	-	11,600	11,600	-	-	-	11,600	-	-
<b>Subtotal (B)</b>	<b>56,600</b>	<b>-</b>	<b>-</b>	<b>56,600</b>	<b>27,549</b>	<b>7,295</b>	<b>-</b>	<b>7,295</b>	<b>34,844</b>	<b>21,756</b>	<b>29,051</b>
<b>TOTAL (A) + (B)</b>	<b>258,986,313</b>	<b>38,299,245</b>	<b>708,250</b>	<b>296,577,308</b>	<b>174,729,626</b>	<b>13,416,658</b>	<b>708,250</b>	<b>13,416,658</b>	<b>187,438,034</b>	<b>109,139,274</b>	<b>84,256,687</b>
Previous Year	253,733,084	5,253,229	-	258,986,313	161,916,842	12,812,784	-	12,812,784	174,729,626	84,256,687	91,816,242
Capital Work-in-progress										3,572,669	26,908,709
<b>TOTAL</b>										<b>112,711,943</b>	<b>111,165,396</b>

(Amount in ₹)

No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 12 : NON CURRENT INVESTMENT</b>			
	<b>Non Trade Investment</b>		
	<b>Quoted Investment</b>		
	50 (Previous Year 50) Equity Shares of ₹ 100/- each fully paid up of State Bank of India [Market Value of Quoted Investment ₹ 1,04,750/- (Previous Year ₹ 1,38,395/-)]	5,000	5,000
	<b>Unquoted Investment</b>		
	10 (Previous Year 10) Equity Shares of ₹ 50/- each fully paid up of The Thane Janata Sahakari Bank Ltd.	500	500
	<b>TOTAL</b>	<b>5,500</b>	<b>5,500</b>
	For mode of Valuation refer Note 1 (D)		
<b>Note 13 : DEFERRED TAX ASSETS (NET)</b>			
	<b>Deferred Tax Liability</b>		
	On account of difference in Depreciation	9,476,212	10,446,025
	<b>Deferred Tax Asset</b>		
	On Account of Section 43B of Income Tax Act, 1961, and b/f losses	25,860,937	22,775,125
	<b>TOTAL</b>	<b>16,384,725</b>	<b>12,329,100</b>
<b>Note 14 : LONG TERM LOANS AND ADVANCES</b>			
	<b>(Unsecured considered good)</b>		
	<b>i Security Deposits and Other Deposits</b>		
	Unsecured, Considered good	1,446,387	2,503,387
	Unsecured, Considered doubtful	1,057,000	-
	Less : Provisions	1,057,000	-
		<b>1,446,387</b>	<b>2,503,387</b>





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Amount in ₹)

No.	Particulars	As at 31st March, 2012	As at 31st March, 2011
ii	Advance Payment of Taxes (Net of provision ₹ Nil (P.Y.Nil))	109,110	133,879
iii	VAT Refund Receivable	20,839,358	17,635,852
iv	<b>Other Advances</b>		
	Unsecured, Considered good	20,012,171	2,917,873
	Unsecured, Considered doubtful	3,697,962	792,260
	Less : Provisions	3,697,962	792,260
		<u>20,012,171</u>	<u>2,917,873</u>
	<b>TOTAL</b>	<b>42,407,026</b>	<b>23,190,991</b>
<b>Note 15 : OTHER NON CURRENT ASSETS</b>			
	<b>Trade Receivable</b>		
	Unsecured considered doubtful	299,501	299,501
	Less: Provision for Doubtful Debts	299,501	299,501
	<b>TOTAL</b>	<u>-</u>	<u>-</u>
<b>Note 16 : INVENTORIES (Mode of Valuation refer Note 1 (E))</b>			
	(As taken, valued and certified by the management)		
	Raw Materials	31,384,893	38,327,419
	Work-in-Process	2,075,987	1,673,396
	Finished Goods	16,437,145	16,154,177
	Finished Goods in Transit	5,430,528	-
	Stores and Spares	12,525,903	10,455,504
	<b>TOTAL</b>	<b>67,854,456</b>	<b>66,610,496</b>
	<b>Details of Raw Material Inventory</b>		
	Special Denatured Spirit	23,359,341	29,260,998
	Acetic Acid	7,813,041	8,796,649
	Other Chemicals	212,511	269,772
	Total	<u>31,384,893</u>	<u>38,327,419</u>
	<b>Details of Work-in-Process Inventory</b>		
	Acetaldehyde	423,259	349,180
	Ethyl Acetate	1,652,728	1,324,216
	Total	<u>2,075,987</u>	<u>1,673,396</u>
	<b>Details of Finished Goods Inventory</b>		
	Acetaldehyde	208,844	408,455
	Ethyl Acetate	16,228,301	15,745,722
	Total	<u>16,437,145</u>	<u>16,154,177</u>
	<b>Details of Finished Goods in Transit Inventory</b>		
	Ethyl Acetate	5,430,528	-
	Total	<u>5,430,528</u>	<u>-</u>
<b>Note 17 : TRADE RECEIVABLE</b>			
i	More than six months		
	Unsecured, Considered good	-	-
ii	Less than six months		
	Unsecured, Considered good	16,731,391	1,630,212
	<b>TOTAL</b>	<b>16,731,391</b>	<b>1,630,212</b>



## PENTOKEY ORGANY (INDIA) LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 18 : CASH AND BANK BALANCE</b>		
<b>i Cash and Cash Equivalants</b>		
Balance with Banks in Current Accounts	3,935,938	2,441,637
Cash on Hand	198,619	286,568
<b>ii Other Bank Balances</b>		
Margin Money with Bank	5,765,000	287,433
<b>TOTAL</b>	<b>9,899,557</b>	<b>3,015,639</b>
<b>Note 19 : SHORT TERM LOANS AND ADVANCES</b> (Unsecured considered good)		
Advances for Capital Goods	934,631	1,309,953
Balance with Excise Department	14,129,976	6,266,238
VAT Refund Receivable	6,093,836	-
Prepaid Expenses	628,964	1,114,524
Other Short-term advances	20,666,839	3,650,052
<b>TOTAL</b>	<b>42,454,247</b>	<b>12,340,767</b>
<b>Note 20 : OTHER CURRENT ASSETS</b> (Unsecured considered good)		
Interest Receivable Bank	62,661	14,639
<b>TOTAL</b>	<b>62,661</b>	<b>14,639</b>
<b>Note 21 : SALE OF GOODS (GROSS)</b>		
Ethyl Acetate	1,035,656,855	618,738,481
Acetaldehyde	20,043,082	52,688,365
Weak Acid	-	16,104
<b>TOTAL</b>	<b>1,055,699,937</b>	<b>671,442,950</b>
<b>Exports of Goods on Free on Board (FOB) basis</b>	<b>46,498,712</b>	<b>2,795,958</b>
<b>Note 22 : OTHER INCOME</b>		
Interest Received	744,172	507,369
Dividend Received from Long-term Investment	6,300	75
Duty Drawback	484,048	-
Profit on Sale of Fixed Assets	56,875	-
Miscellaneous Income	231,280	305,243
<b>TOTAL</b>	<b>1,522,675</b>	<b>812,687</b>
<b>Note 23 : COST OF MATERIAL CONSUMED</b>		
<b>Raw Materials</b>		
Opening Inventories	38,327,419	35,106,626
Purchases	787,478,724	500,662,430
	825,806,143	535,769,056
Less : Closing Inventories	31,384,893	38,327,419
<b>TOTAL</b>	<b>794,421,250</b>	<b>497,441,637</b>
<b>Details of Raw Material Consumed</b>		
<b>Particulars</b>	<b>Amount</b>	<b>Amount</b>
Special Denatured Spirit	380,170,728	264,694,984
Acetic Acid	364,208,769	228,696,846
Ethyl Acetate	49,158,292	-
Others	883,461	4,049,807
<b>Total</b>	<b>794,421,250</b>	<b>497,441,637</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Amount in ₹)

	As at 31st March, 2012		As at 31st March, 2011	
	Amount	%	Amount	%
<b>Imported and Indigenous Raw Material Consumed</b>				
Imported	116,886,777	14.71	-	-
Indigenous	677,534,473	85.29	497,441,637	100.00
<b>Total</b>	<b>794,421,250</b>	<b>100.00</b>	<b>497,441,637</b>	<b>100.00</b>
<b>Import of Goods on Carriage Insurance Freight (CIF) basis</b>	<b>102,674,538</b>		-	

(Amount in ₹)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
<b>Note 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS</b>				
<b>Closing Inventories</b>				
Finished Goods	21,867,673		16,154,177	
Work-in-Process	2,075,987		1,673,396	
	<u>23,943,660</u>		<u>17,827,573</u>	
<b>Less: Opening Inventories</b>				
Finished Goods	16,154,177		6,875,267	
Work-in-Process	1,673,396		1,019,819	
	<u>17,827,573</u>		<u>7,895,086</u>	
<b>TOTAL</b>	<b>(6,116,087)</b>		<b>(9,932,487)</b>	
<b>Note 25 : EMPLOYEE BENEFITS EXPENSE</b>				
Salary, Wages and Bonus	15,034,676		13,001,674	
Gratuity and Leave Encashment	235,993		621,588	
Contribution to PF and ESIC	953,080		923,199	
Staff Welfare Expenses	1,773,531		1,537,838	
Directors Remuneration	1,327,065		1,060,328	
<b>TOTAL</b>	<b>19,324,345</b>		<b>17,144,627</b>	
<b>Note 26 : FINANCE COST</b>				
Interest - Bank	6,914,898		-	
Interest - Others	6,078,022		2,898,588	
Other Borrowing Cost	875,198		-	
<b>TOTAL</b>	<b>13,868,118</b>		<b>2,898,588</b>	
<b>Note 27 : OTHER EXPENSES</b>				
<b>Manufacturing Expenses</b>				
Packing Material Consumed	17,084,195		7,287,510	
Stores Consumed	5,946,800		5,888,112	
Fuel and Power	63,310,339		43,884,165	
Water Charges	1,146,805		1,017,727	
Other Manufacturing Expenses	2,131,878		2,024,176	
<b>Imported and Indigenous Stores and Spares Consumed</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Imported	-	-	-	-
Indigenous	5,946,800	100.00	5,888,112	100.00
<b>Total</b>	<b>5,946,800</b>	<b>100.00</b>	<b>5,888,112</b>	<b>100.00</b>



## PENTOKEY ORGANY (INDIA) LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Administrative and Selling Expenses</b>		
Rent, Rates and Taxes	881,431	977,390
Insurance	1,349,797	860,746
<b>Repairs and Maintenance</b>		
i) Plant	422,369	1,865,034
ii) Building	1,729,115	239,883
iii) Others	163,116	205,778
<b>Total</b>	<b>2,314,600</b>	<b>2,310,695</b>
Legal and Professional Charges	1,484,379	1,024,664
Motor Car Expenses	140,306	70,409
Travelling and Conveyance Expenses	943,734	1,460,968
Postage and Telephone	359,759	911,854
Printing and Stationery	423,427	308,420
Security Service Charges	1,403,525	1,116,249
Donation	515,500	20,500
Provision for Doubtful Debts / Advances	3,962,702	-
Auditors Remuneration	172,399	172,649
Other Expenses	2,023,484	1,657,887
Clearing and Forwarding Charges Export	2,463,574	295,398
Exchange Fluctuation - Net	1,811,129	31,012
Bank Charges	678,176	45,255
Sundry Balances w/off	1,207,617	-
Listing Fees Paid	1,858,279	-
<b>TOTAL</b>	<b>113,613,834</b>	<b>71,365,786</b>

**Note 28 :** The Company has no dues to micro and small enterprises during the year ended 31st March, 2012. This information is required to be disclose under Micro, Small and Medium Enterprises Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company

**Note 29 : Contingent Liabilities**

- The State Excise Department, Government of Maharashtra has demanded ₹ 103.24 Lacs (Previous Year ₹ 103.24 Lacs) for Transportation fess / administration charges for purchase of Special Denatured Spirit (S.D.S.) for the period 1st April,2002 to 31st March,2007. The Company has along with other manufacturers using industrial alcohol jointly contested the said demand in Bombay High Court.
- Custom Duty Payable under advance License pending fulfillment of export obligation as on 31st March, 2012 ₹ 120.03 Lacs (Previous Year ₹ Nil)
- Sales Tax Demand of ₹ 39,36,860/- under BST Act and ₹ 1,54,58,929/- under CST Act for the year 2003-04 against which the Company has preferred appeals before Maharashtra Sales Tax Tribunal

**Note 30 :** Loans and Advances including ₹ 51,54,199/- towards amount paid to Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL), formerly known as Maharashtra State Electricity Board (MSEB), which has been appropriated by MSEDCL, details as under:

1. Minimum Demand Charges, Interest and late payment charges	:	₹ 29,05,702
2. Deposits	:	₹ 22,48,497
<b>Total</b>	:	<b>₹ 51,54,199</b>

The Company has contested the aforesaid appropriation, based on the concession given by Board For Industrial and Financial Reconstruction (BIFR) vide its Order dated 26th September, 2007, and a Writ has been filed at High Court, Bombay. The Company has been legally advised that the aforesaid appropriation by MSEDCL is not tenable and the Company is entitled for the refund. Accordingly this amount is shown under Loans and Advances. However on a conservative basis a provision of ₹ 39,62,702/- has been made in books of accounts.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31 :** The value of Capital Work-in-Progress pertaining to Ethyl Acetate Plant and Other Projects amounting to ₹ 35,72,669 (Previous year ₹ 2,69,08,709) is yet to be capitalised.

**Note 32 :** The values of Current Assets and Loans and Advances are stated at realisable in ordinary course of the business in Balance Sheet, as per the opinion of the Management of the Company.

**Note 33 : Disclosure of Segment Reporting**

- i) The business segment has been considered as the primary segment. The only segment in which the Company is engaged in manufacture of Organic Chemicals namely Acetic Acid, Ethyl Acetate, Acetaldehyde and Butyl Acetate. Hence disclosure of business segment (primary disclosure) is not applicable to the Company.
- ii) The Secondary disclosure as required by Accounting Standard "Segment Reporting" AS-17 is as follows:

Amount in ₹

Sr.	Particulars	2011-12	2010-11
1	Domestic Sales	925,002,212	608,557,261
2	Export Sales	46,498,712	3,012,249
	<b>Total</b>	<b>971,500,924</b>	<b>611,569,510</b>

**Note 34 : Disclosure of Related Party**

## a. List of Related Parties:

## Associate Concerns

1. Sakarwadi Trading Co. Pvt. Ltd.
2. Lakshmiwadi Mines & Minerals Pvt. Ltd.
3. Somaiya Agencies Pvt. Ltd.
4. Jasmine Trading Co. Pvt. Ltd.
5. Godavari Biorefineries Ltd.
6. K. J. Somaiya & Sons Pvt. Ltd.

## Key Management Personnel

Shri Rajendra V. Shah - Director  
Shri S. Mohan - Whole-time Director

## b. Transactions with Related Parties:

Particulars	2011-12	2010-11
<b>Associate Concerns</b>		
<b>Loan Fund Received</b>		
Sakarwadi Trading Co. Pvt. Ltd.	10,000,000	-
<b>Interest</b>		
Lakshmiwadi Mines & Minerals Pvt. Ltd.	-	2,342,165
Sakarwadi Trading Co. Pvt. Ltd.	3,836	-
<b>Rent</b>		
K. J. Somaiya & Sons Pvt. Ltd.	595,621	694,892
<b>Purchase</b>		
Godavari Biorefineries Ltd.	81,991,732	117,296,289
<b>Sales</b>		
Godavari Biorefineries Ltd.	667,212	22,824,861
<b>Year end Balances</b>		
<b>Loan Fund</b>		
Sakarwadi Trading Co. Pvt. Ltd.	10,003,836	-
<b>Creditors</b>		
Godavari Biorefineries Ltd.	-	48,726,921
<b>Key Management Personnel</b>		
<b>Remuneration</b>		
Rajendra V. Shah	-	235,037
S. Mohan	1,253,565	744,791



## PENTOKEY ORGANY (INDIA) LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹)

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Note 35 : Disclosure of Earning Per Share</b>		
Net Profit / (Loss) for the year after Tax	28,551,105	26,800,362
No. of weighted Average Equity Shares of ₹10/- each	5,634,333	5,634,333
No. of Diluted Equity Shares	-	-
Earning Per Share before exceptional items		
- Basic	5.07	4.76
- Diluted	5.07	4.76
Earning Per Share after exceptional items		
- Basic	5.07	4.76
- Diluted	5.07	4.76
Face value of Equity Shares	10	10
<b>Note 36 :</b> As per Board of Industrial and Financial Reconstruction (BIFR) Order dated 26th September, 2007 and Order dated 16th October, 2009, the provisions of section 115JB of the Income Tax Act, 1961 are not applicable to the Company for the financial year under consideration and hence the Company has not provided for Minimum Alternate Tax (MAT).		
<b>Note 37 : Retirement Benefits</b>		
a) Defined Benefit Plan: The Company Provides for Gratuity on the basis of Actuarial valuation. The Company does not have any fund for Gratuity Liability. The following table summerises the net benefit / Expenses recognised in Statement of Profit and Loss and Balance Sheet.		
<b>I. Reconciliation of Opening and Closing balances of Present Value of Defined Benefit obligations (PVDBO)</b>	<b>As at 31st March, 2012 (Unfunded)</b>	<b>As at 31st March, 2011 (Unfunded)</b>
(PVDBO) at beginning of period	2,184,404	2,121,320
Interest Cost	171,056	154,417
Current Service Cost	239,715	253,930
Benefits Paid	(343,969)	(124,864)
Actuarial (gain)/loss on obligation	58,754	(220,399)
(PVDBO) at end of period	2,309,960	2,184,404
<b>II. Reconciliation of Opening and Closing balances of fair value of plan assets</b>		
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Employer Contributions	343,969	124,864
Benefit Paid	(343,969)	(124,864)
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-
<b>III. Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Asset	-	-
Contributions	343,969	124,864
Benefit Paid	(343,969)	(124,864)
Fair Value of Plan Assets at end of period	-	-
Present Value of Defined Benefit obligations	(2,309,960)	(2,184,404)
Excess of actual over estimated return on Plan Assets	-	-
<b>IV. Amounts to be recognised in the Balance Sheet</b>		
(PVDBO) at end of period	2,309,960	2,184,404
Fair Value of Plan Assets at end of period	-	-
Funded Status	(2,309,960)	(2,184,404)
Unrecognised Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognised in the balance sheet	(2,309,960)	(2,184,404)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Year Ended March, 2012 (Unfunded)	Year Ended March, 2011 (Unfunded)
<b>V. Expense recognised in the Statement of Profit and Loss</b>		
Current Service Cost	239,715	253,930
Interest cost	171,056	154,417
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognised for the period	58,754	(220,399)
Expense recognised in the Statement of Profit and Loss	469,525	187,948
	<b>As at 31st March, 2012 (Unfunded)</b>	<b>As at 31st March, 2011 (Unfunded)</b>
<b>VI. Movements in the Liability recognised in Balance Sheet</b>		
Opening Net Liability	2,184,404	2,121,320
Expenses as above	469,525	187,948
Contribution paid	(343,969)	(124,864)
Closing Net Liability	2,309,960	2,184,404
<b>VII. Assumptions as at</b>		
Mortality Table	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
Discount Rate	8.50%	8.50%
Rate of increase in compensation	4.00%	4.00%
Rate of return (expected) on plan assets	-	-

The above information is certified by Actuary.

**b) Defined Contribution Plan**

Contribution to defined contribution plans recognised as expense for the year as under:

Particulars	2011-12	2010-11
Employers Contribution to Provident Fund and Pension Fund	934,083	897,909
Employers Contribution to ESIC	11,257	17,298

**Note 38 :** Estimated value of contracts remaining to be executed on capital account and not provided for in the accounts as at 31st March, 2012 was ₹ 4,52,783/- (Previous year ₹ 64,06,174/-).

**Note 39 : Remuneration to Auditor**

Particulars	2011-12	2010-11
Audit Fees	110,300	110,300
Tax Audit Fees	55,150	55,150
Other Matter	6,949	7,199
<b>Total</b>	<b>172,399</b>	<b>172,649</b>

**Note 40 :** The Company do not have any derivatives contract or forward contract for the purpose of hedging foreign currency rate/ commodity price risk. Accordingly, the Company do not have any outstanding derivative contract or forward contracts.

**Note 41 :** During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. It has significant impact on presentation and disclosure made in the financial statements. Hence, the figures of the previous year have been regrouped and rearranged so as to make them comparable with those of the current financial year prepared as per the revised schedule VI.

As per our report of even date

**For Desai Saksena & Associates**  
Chartered Accountants

**For Pentokey Organy (India) Limited**

**Dr. S.N. Desai**  
Partner  
M.N.32546

**Priyanka S. Jain**  
Company Secretary

**S. Mohan**  
Whole-time Director

**Rajendra V. Shah**  
Director

Place : Mumbai  
Date : 28th May, 2012

Place: Mumbai  
Date : 28th May, 2012



# PENTOKEY ORGANY (INDIA) LIMITED

Regd. Off : Somaiya Bhavan, 45-47, M. G. Road, Fort, Mumbai - 400 001

## Attendance Slip

I/We hereby record my/our presence at the 25th Annual General Meeting held at Kilachand Conference Hall, 2nd Floor, Indian Merchant Chambers, Churchgate, Mumbai - 400020 on Tuesday, the 14th August, 2012 at 4.45 p.m.

Shareholder/Proxy :

(Surname)

(First Name)

(Second Name)

Reg. Folio No. : .....No. of Shares held .....

Signature of Shareholder/Proxy :

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

----- (Tear Here) -----

# PENTOKEY ORGANY (INDIA) LIMITED

Regd. Off : Somaiya Bhavan, 45-47, M. G. Road, Fort, Mumbai - 400 001

## Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ Being Member/Members of Pentokey Organy (India) Limited

hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held at Kilachand Conference Hall, 2nd Floor, Indian Merchant Chambers, Churchgate, Mumbai - 400020 on Tuesday, the 14th August, 2012 at 4.45 p.m. or at any adjournment thereof.

Signed this the \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix 1 Rupee Revenue Stamp
--------------------------------------

Signature of the shareholder(s)

**Note :** The Proxy Form duly completed must be deposited at the Company's Registered Office not less than 48 hours before the time of holding the aforesaid meeting.

# NOTES

## **PENTOKEY ORGANY (INDIA) LIMITED**

**BOARD OF DIRECTORS**      Shri Rajendra V. Shah      - Chairman, Director  
Shri S. Mohan                      - Whole-time Director  
Dr. Sampatraj B. Chandalia      - Non Executive Independent Director  
Shri Devendra J. Shrimanker      - Non Executive Independent Director  
Shri Girish M. Kajaria              - Non Executive Director  
Shri Shyam C. Balsekar              - Non Executive Independent Director

**COMPANY SECRETARY**      Ms. Priyanka S. Jain

**AUDITORS**                      M/s. Desai Saksena & Associates  
Chartered Accountants

**BANKERS**                        Indian Overseas Bank

**REGISTERED OFFICE**          Somaiya Bhavan,  
45-47, M. G. Road,  
Fort, Mumbai - 400 001  
www.pentokey.com

**FACTORY**                        D1/1, MIDC, Lote Parshuram,  
Tal. Khed,  
Dist. Ratnagiri, Maharashtra

**REGISTRAR & SHARE  
TRANSFER AGENTS**          Datamatics Financial Services Ltd.,  
Plot No. B-5, MIDC, Part B,  
Cross Lane, Andheri (East),  
Mumbai - 400 093.

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