

PENTOKEY ORGANY (INDIA) LIMITED



BOARD OF DIRECTORS	Shri Rajendra V. Shah - Chairman 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
COST AUDITORS	B. J. D. Nanabhoy & Co., Cost Accountants
BANKER	Indian Overseas Bank
REGISTERED OFFICE	Somaiya Bhavan, 45/47, M. G. Road, Fort, Mumbai - 400 001. www.pentokey.com
FACTORY	D-1/1, MIDC, Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Maharashtra
REGISTRAR & TRANSFER AGENTS	Datamatics Financial Services Ltd., Plot No. B-5, MIDC, Part B, Cross Lane, Andheri (East), Mumbai - 400 093.

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NOTICE

NOTICE is hereby given that the Twenty-sixth Annual General Meeting of the members of Pentokey Organy (India) Limited, will be held on Tuesday, the 13th August, 2013 at 5.00 p.m. at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, 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, 2013, Statement of Profit and Loss and Cash Flow Statement 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, 2013.
3. To appoint a Director in place of Shri Devendra J. Shrimanker, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Shyam C. Balsekar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint 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.

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to approval of the Shareholders in ensuing Annual General Meeting of the Company and pursuant to the provisions of Sections 198, 269, 309, 310, 311, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), as amended from time to time, including any statutory modification or re-enactment thereof, and subject to the approval of the Central Government and all concerned authorities, if any necessary, and subject to all applicable guidelines issued from time to time, approval be and is hereby accorded to the re-appointment of Shri S. Mohan, as Whole-time Director, designated as Director (Works) of the Company for a period of three years from 5th August, 2013 to 4th August, 2016 on remuneration and other terms as under:

1. Basic Salary : ₹ 1,22,300/- p.m. with annual increase of maximum 25%.
2. Bonus instead of Commission: Bonus as the Board may decide, from time to time, subject to the overall maximum limit of 20% of Basic Salary.
3. Perquisites:
 - i) A fully Furnished Quarter at Factory.
 - ii) Flexi Allowance: ₹ 16,000/- p.m.
 - iii) Medical Reimbursement: As per Company's Rules.
 - iv) Leave Travel Reimbursement: Once in a year incurred in accordance with the Rules specified by the Company.
 - v) Gratuity : As per the Company's Rules.
 - vi) Encashment of Leave at the time of retirement/cessation of service, which will not be included in the computation of the ceiling on perquisites.
 - vii) Contribution to Provident Fund: At the rates applicable from time to time in the Company.
 - viii) Provision of car for Company's business use and telephone at residence will not be considered as perquisites, use of car and telephone for private purpose shall be billed by the Company to Shri S. Mohan.

PENTOKEY ORGANY (INDIA) LIMITED



"RESOLVED FURTHER THAT notwithstanding anything herein contained, where in any financial year during the tenure, the Company has incurred loss or its profits are inadequate, the Company shall pay to Shri S. Mohan, the remuneration by way of salary, perquisites and other allowance as aforesaid as a minimum remuneration, subject to the limits and conditions specified under Section II of Part II of Schedule XIII of Companies Act, 1956 for the time being in force, or as amended from time to time, including any Statutory modification or re-enactment thereof."

"RESOLVED FURTHER THAT the terms and conditions of appointment and remuneration given above may be revised, altered and varied from time to time by Board of Directors of the Company as it may at its discretion deem fit, subject to the applicable provisions of the Companies Act, 1956 so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 for the time being in force, or as amended from time to time, as agreed by the Board of Directors and Shri S. Mohan."

"RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and is hereby Authorised to take such steps as may be necessary to give effect to this Resolution."

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 : 23rd May, 2013

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 Transfer Agent 'Datamatics Financial Services Limited', Plot No. B-5, MIDC, Part B, Cross Lane, Andheri (East), Mumbai- 400 093.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 2013 to 13th August, 2013 (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. The dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 13th August, 2013.
6. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of business under Item 6 of the notice, is given herein below.
7. 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.



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8. The details of Directors seeking appointment/ re- appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement are furnished below:

Name of Director	Date of Appointment	Expertise	List of Other Companies in which Directorship held	Shareholding in the Company
Shri Devendra J. Shrimanker B.Com, F.C.A	05.02.2008	He has more than 25 years of experience in the field of Taxation, Accounts and Finance.	1. M/s. Shrimanker Securities Pvt. Ltd. 2. M/s. Palomino Risk Consulting Pvt. Ltd.	Nil
Shri Shyam C. Balsekar B. E. (Electronics), Diploma in Business Management	29.08.2008	He has more than 23 years of experience in the field of Electronics, Renewable energy and Fire Safety.	1. Linear Environment and Safety Technology Pvt. Ltd. 2. K. J. Somaiya and Sons Pvt. Ltd.	Nil
Shri S. Mohan B.Sc (Applied Science)	05.08.2010	He has 35 years of experience in the major Alcohol based industries and currently is the Whole- time Director of the Company.	Nil	Nil

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956

Item No.6:

Shri S. Mohan was appointed as Whole-time Director of the Company in August, 2010. The Board of Directors at its meeting held on 23rd May, 2013 decided to re-appoint Shri S. Mohan for a further period of 3 years on the terms and conditions set out in the resolution passed by the Board of Directors.

In terms of relevant provisions of the Companies Act, 1956 approval of Shareholders is required for re-appointment of Shri S. Mohan and fixation of remuneration payable to him. Board of Directors recommends the Ordinary Resolution for approval of the shareholders.

None of the Directors of the Company, is concerned or interested in the passing of the said Resolution.

Registered Office:

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Mumbai - 400001

By Order of the Board of Directors

Priyanka S. Jain
Company Secretary

Place : Mumbai

Date : 23rd May, 2013

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 26th Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2013.

1. FINANCIAL HIGHLIGHTS

The financial performance of the Company for the financial year ended 31st March, 2013 is summarised below: -

(₹ in Lacs)

Particulars	Financial Year	
	2012-13	2011-12
Gross Income	11,538.07	9,730.23
Profit before Interest and Depreciation	774.07	517.80
Less: Interest	264.39	138.68
Profit before Depreciation	509.68	379.12
Less: Depreciation	118.27	134.17
Profit for the year	391.41	244.95
Add : Deferred Tax Credit	-	40.56
Net Profit After Tax	391.41	285.51

Financial performance:

Your Company improved upon last year's performance during the year under review. Gross Income of your Company increased by 18.58% to ₹ 11,538.07 Lacs as against ₹ 9,730.23 Lacs in the previous year. The export turnover grew sizeable to ₹ 465 Lacs from ₹ 25.45 Lacs in previous year. The EBIDTA increased by 49.49% to ₹ 774.07 Lacs from ₹ 517.80 Lacs in 2011-12. The Company earned Net Profit of ₹ 391.41 Lacs during the year as against ₹ 285.51 Lacs in the previous year registering the growth of 37.09% in Net Profit after Tax. This has been achieved through continued focus on business development and tight controls on the operating cost.

2. BONUS ISSUE OF EQUITY SHARES TO NON PROMOTER SHAREHOLDERS

The Company had complied with the requirement of minimum public shareholding of 25% pursuant to Clause 40A of the Listing Agreement by way of issue of 6,38,296 Bonus Equity Shares to Non Promoter Shareholders in the ratio of 2 : 3 i.e. Two (2) fully paid up Equity Shares of ₹ 10/- for every Three (3) fully paid up Equity Shares held. The new Equity Shares shall rank *pari passu* in all respects with the existing Equity Shares including dividend. The additional Equity Share Capital was admitted for listing at Bombay Stock Exchange and Ahmedabad Stock Exchange on 1st January, 2013 and 29th January, 2013 respectively.

The present shareholding of Promoter and Promoter Group including Person Acting in Concert in your Company is 74.71% and whilst the Public Shareholding is 25.29% of the total paid up capital of the Company.

3. DIVIDEND

The Board of Directors is pleased to recommend dividend for the 2nd consecutive year of Re. 1/- per Equity Share of ₹ 10/- each. This dividend is subject to the approval of the Members at the forthcoming 26th Annual General meeting scheduled to be held on 13th August, 2013.

4. FIXED DEPOSITS

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

5. DIRECTORS

Shri Devendra J. Shrimanker and Shri Shyam C. Balsekar, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.



The term of Shri S. Mohan as Whole-time Director is concluding on 4th August, 2013 and the same is being renewed for a further period of 3 years w.e.f. 5th August, 2013. subject to approval of shareholders 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 re-appointment. 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. COST RECORDS

The Central Government vide Cost Audit Order F.No.52/26/CAB- 2010 dated 24.01.2012, had made maintenance of Cost records applicable to all companies engaged in activities of manufacturing of 'Organic & Inorganic Chemicals' under chapters 28, 29, 32 and 39 of Central Excise Tariff Act, 1985. Accordingly, the Company had appointed M/s. B.J.D. Nanabhoy & Co. as Cost Auditors, for the purpose of cost audit of product 'Ethyl Acetate' for Financial Year 2013-14. For the year 2012-13, the cost Audit Report will be filed in due course, before the due date.

8. 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.

9. FOREIGN EXCHANGE MANAGEMENT

The Company's exposure to foreign exchange risk comprises the risk of foreign currency versus the local currency. As the Company's Export Sales are more than its Imports of Raw Material, the foreign exchange risk is naturally hedged. However, the Company takes forward contract for export or import on selective basis.

10. INDUSTRIAL RELATIONS

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

11. 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.

12. 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.

13. 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 alongwith the Compliance Certificate from the Auditors is annexed hereto and forms part of this Report.



14. 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.

15. MANAGEMENT DISCUSSION AND ANALYSIS

Your Company produces Green Solvents like Ethyl Acetate and Acetaldehyde. Ethyl Acetate is being preferred by customers in all markets as it is fast replacing the petroleum-based solvents such as Toluene, MEK (Methyl Ethyl Ketone), MIBK (Methyl Iso Butyl Ketone) etc.

During the year under review, the market for chemicals in general and our finished products in particular experienced wide fluctuations. The market for Ethyl Acetate, the main revenue earner for the Company, was highly competitive due to surplus production capacity in India and wide fluctuations in International market due to various economic and feedstock market issues. The Domestic market for Ethyl Acetate continued to grow at a moderate rate of 4%.

In view of the Government of India's push for Ethanol Blending Programme, price of Ethanol which is an important feedstock for the chemicals manufactured by the Company, has increased sharply. Rising input prices amidst inflationary market condition coupled with the weakening of Rupee against US Dollar has pushed the feedstock prices. To mitigate the risks partially and to get the benefit of depreciation in Rupee, Company is targeting to increase the exports of Ethyl Acetate.

Opportunities and Threats:

The expanded capacities coupled with consistent production quality, sustained and aggressive marketing would help the Company to increase the exports in the next few years. Your Company is focused to increase the geographic reach of the products and expects to show substantially higher growth.

The flexibility in the plant to either "make" or "buy" intermediates helps in optimization of resources. Hence, the focus will be to ensure that the present advantage and flexibility in usage of feedstock perpetuates in our long term vision.

Since the availability and price of Ethanol, which is by-product of Sugar, largely depends upon the performance of Sugar Industry, any fluctuation in the agro-climatic conditions would affect the availability and price of Ethanol. The increased demand by Oil Marketing Companies (OMCs) will further tighten the supply and pricing of Ethanol.

Segment wise and Product wise performance:

During the year under review, the production of intermediate product namely Acetic Acid was not competitive due to the market prices. 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.

Your Company increased its production capacity to 24000 TPA from 18000 TPA. Ethyl Acetate production was 22,644 MT for 2012-13 against 18,015 MT in FY 2011-12 registering the growth of 26%. With the increase in the production capacity coupled with consistent quality and good customer base across user industries, the Revenue increased by over 18.58% during the year and your Company has achieved the milestone Turnover of above ₹ 100 crores with EBITA margins of ₹ 655.80 Lacs. The business continues to show uptick with demand coming from domestic as well as international markets.

Risks and Concerns:

Government of India has now mandated Oil Marketing Companies to compulsory blend petrol with 5% Ethanol. The increase demand for Ethanol would have adverse impact on the pricing of Ethanol, as the estimated demand from OMCs is 105 crores litres which is much higher than its supply. The high prices of the raw material will put the pressure on margins.

During last year the Indian rupee has lost the value among major emerging market currencies. The weakening rupee might worsen the export competitiveness when global recovery is still fragile. Depreciating rupee poses a risk of raw material imports becoming dearer. To mitigate foreign currency related risks, the Company has a strategy in place to take measured risks through hedges and forward covers.



Internal Control System:

Your Company has adequate internal control system including suitable procedures 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.

16. 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 Bank, 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	Rajendra V. Shah
Whole-time Director	Director

Place : Mumbai
Date : 23rd May, 2013



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, 2013.

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.

	CURRENT YEAR 2012-13	PREVIOUS YEAR 2011-12
A. POWER AND FUEL CONSUMPTION		
1. Electricity:		
(a) Purchased		
Units (KWH) (in Thousands)	2,361	1,814
Total Amounts (₹ in Lacs)	182.15	128.64
Rate/ Unit (₹)	7.72	7.09
(b) Own Generation		
Through Turbine	-	-
Units (KWH) (in Thousands)	-	-
2. Coal:		
Quantity (MT)	11,133	9,360
Total Cost (₹ in Lacs)	537.58	474.21
Average Rate (₹ per kg)	4.83	5.07
3. Furnace Oil:		
Quantity (MT)	3	102
Total Cost (₹ in Lacs)	1.26	30.25
Average Rate (₹ per kg)	36.95	29.66
4. Light Diesel Oil	NIL	NIL
5. Other/ Internal generation	NIL	NIL



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	CURRENT YEAR 2012-13	PREVIOUS YEAR 2011-12
B. CONSUMPTION PER UNIT PRODUCTION		
1. Electricity (Unit)		
Acetaldehyde	282	301
Ethyl Acetate	101	101
2. Furnace Oil (Kgs.)		
Acetaldehyde	11	26
Ethyl Acetate	-	5
3. Coal (Kgs.)		
Acetaldehyde	529	451
Ethyl Acetate	486	511

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:

(₹ in Lacs)

Particulars	2012-13	2011-12
Earning	2,583.86	464.99
Outgo	941.16	1,026.75

For and on behalf of the Board of Directors

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

Place : Mumbai
Date : 23rd May, 2013



CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

Pentokey Organy (India) Limited ("Company") has always focused on good Corporate Governance, which is a key driver in improving efficiency and growth as well as enhancing investor confidence. Company continuously endeavours to improve on these aspects on an ongoing basis and recognizes "values and commitments" policy. Company is committed to an ethical treatment to all Employees, Customers, Shareholders, Lenders, Suppliers and the Government. The Company is in compliance with the Corporate Governance stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

(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. The Chairman of the Company is a Non-Executive Director. The Board comprises of six Directors, out of which three are Independent Non-Executive Directors.

All Directors are individuals of integrity and courage, with relevant skills and are experienced professionals in their respective fields. Active participation of the Independent Directors does add value in the decision making process of the Board.

Non- Executive Directors' compensation and disclosures

The Non- Executive Directors are paid sitting fees within the limits prescribed under the Companies Act, 1956. The Non-Executive Directors did not have any material pecuniary relationship or transaction with the Company. None of the Directors of the Company are interse related to each other.

Board Procedures

During the financial year 2012-13 the Board of Directors has met four times on the following dates: 28th May, 2012, 14th August, 2012, 6th November, 2012 and 13th February, 2013. 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 decided well in advance. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions and discharge their responsibility effectively. The Directors approved the allotment of Bonus Shares to non-promoters shareholders by passing Circular Resolution which was placed before the Board at its next meeting.

Attendance Record, Directorships and Membership of Directors

Below table gives the composition of the Board and the attendance record of all the Directors at four Board meetings held during the financial year 2012-13 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 14.08.2012	In Listed Companies	In Unlisted Public Ltd Companies	Chairman	Member
Shri Rajendra V. Shah	Promoter, Chairman	4	Yes	-	-	-	-
Dr. Sampatraj B. Chandalia	Non-Executive, Independent	4	Yes	-	-	-	1
Shri Devendra J. Shrimanker	Non-Executive, Independent	3	Yes	-	-	2	3
Shri Girish M. Kajaria	Non-Executive	2	Yes	-	-	-	1
Shri Shyam C. Balsekar	Non-Executive, Independent	2	No	-	-	1	1
Shri S. Mohan	Whole-time Director	4	Yes	-	-	-	2



- 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.

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.

(II) AUDIT COMMITTEE**Composition**

The Audit Committee of the Company comprises of three Directors as members out of which two are Independent Directors. The Chairman of the Audit Committee is an Independent Director. All members of the Audit Committee have knowledge on financial matters and Shri Devendra J. Shrimanker, Chairman of the Committee is a senior Chartered Accountant in practice having accounting and financial management expertise.

The Company Secretary, Ms. Priyanka S. Jain acts as the Secretary to the Audit Committee.

Terms of reference

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference are broadly 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. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain area of concern.
9. Carrying out any other function as 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 2012-13, i.e. on 28th May, 2012, 14th August, 2012, 6th November, 2012 and 13th February, 2013. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 14th August, 2012. The meetings were scheduled well in advance.

In addition to the members of the Audit Committee these meetings were attended by Internal Auditors, Statutory Auditors and those Executives of the Company who were considered necessary for providing inputs to the Committee.

Meeting and Attendance during the year

Names of Members	No. of Meetings attended
Shri Devendra J. Shimanker	3
Shri S. Mohan	4
Dr. Sampatraj B. Chandalia	4

**(III) SUBSIDIARY COMPANIES**

The Company does not have any subsidiary company.

(IV) DISCLOSURES**Basis of Related Party transactions**

The details of all transactions with related parties are placed before the Audit Committee periodically, with justification wherever required.

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.

Meetings of this committee are held only when required.

No meeting of this committee was held during the financial year 2012-13.

Terms of Reference: The Remuneration Committee has been constituted to recommend/ review remuneration of the Managing Director, Whole- time 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, 2013 is given below:-

Name of the Director	Category	Salary (Amount in ₹)
Shri S. Mohan	Whole-time Director	21,61,280

- b. Details of Sitting Fees paid to the Non - Executive Directors for the Financial Year ended 31st March, 2013 is given below: -

Non - Executive Directors	Sitting Fees (Amount in ₹)
1. Shri Rajendra V. Shah	15,500
2. Dr. Sampatraj B. Chandalia	31,000
3. Shri Devendra J. Shrimanker	36,500
4. Shri Girish M. Kajaria	7,000
5. Shri Shyam C. Balsekar	9,500

Shareholders Grievances Committee

The Committee comprises of three Directors viz. Shri Devendra J. Shrimanker, Chairman of the Committee, Shri Shyam C. Balsekar and Shri S. Mohan (appointed on 6th November, 2012).

During the year the Committee met nine times i.e. on 4th June, 2012, 10th August, 2012, 6th September, 2012, 1st October, 2012, 20th November, 2012, 5th December, 2012, 13th February, 2013, 7th March, 2013 and 29th March, 2013

The Committee monitors the matter of transfers, transmission, issue of duplicate certificates and other related matters. The Committee also monitors redressal to investors' complaints, queries and requests relating to non receipt of annual reports, etc.

No Transfers /Transmission are pending as on 31st March, 2013.

(V) CEO CERTIFICATION

The Whole- time Director gives quarterly/ annual certification on financial reporting and internal controls to the Board in terms of Clause 49 (V) of the Listing Agreement.

**(VI) DETAILS OF GENERAL BODY MEETINGS**

Year	Location	AGM/EGM	Day and Date	Time	No. of Special Resolution(s) Passed
2011-12	Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020	EGM	Wednesday, 5th December, 2012	11.00 a.m.	1
2011-12	Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020	AGM	Tuesday, 14th August, 2012	4.45 p.m.	-
2010-11	Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020	AGM	Wednesday, 10th August, 2011	4.45 p.m.	-
2009-10	Somaiya Bhavan, 45/47, M.G. Road, Fort, Mumbai- 400 001	AGM	Thursday, 5th August, 2010	3.30 p.m.	1

(VII) MEANS OF COMMUNICATION

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.

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

The Quarterly Financial Results, Shareholding Pattern, Reports on Corporate Governance, Annual Reports, etc are regularly uploaded on the Company's website: www.pentokey.com in a user friendly and downloadable manner.

(VIII) GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	
Day, Date and Time	: Tuesday, the 13th August, 2013 at 5.00p.m.
Venue	: Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020
Financial Year	: 1st April, 2012 to 31st March, 2013
Date of Book Closure	: 7th August, 2013 to 13th August, 2013 (both days inclusive)
Dividend Payment Date	: To be paid on or after 13th August, 2013
Listing on Stock Exchanges	: Bombay Stock Exchange Ltd. (BSE) The Ahmedabad Stock Exchange : The Company has paid the Annual Listing fees.
Stock Code	
Bombay Stock Exchange Ltd. (BSE)	: 524210
The Ahmedabad Stock Exchange	: 44750
ISIN	: INE702E01015

PENTOKEY ORGANY (INDIA) LIMITED



Market Price Data:

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

Month	Bombay Stock Exchange		
	High Price	Low price	No of trade
April, 2012	53.00	44.05	8
May, 2012	There was No trade in this month		
June, 2012	There was No trade in this month		
July, 2012	42.00	38.00	8
August, 2012	37.90	24.60	58
September, 2012	27.00	23.70	18
October, 2012	37.15	28.35	63
November, 2012	48.65	36.35	134
December, 2012	52.50	36.45	106
January, 2013	36.45	20.35	95
February, 2013	27.35	19.35	45
March, 2013	26.00	19.20	20

(Source: BSE website)

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

Share Transfer System

Presently, the share transfers which are received in physical form are processed and share certificates are returned within a period 15 to 20 days from the date of receipt, subject to the document being valid and complete in all respects.

Distribution of Shareholding

No. of Equity Shares held From - To	Shares		Shareholders	
	No.	%	No.	%
1- 500	990007	15.78	18163	99.07
501-1000	60006	0.96	83	0.45
1001-2000	54659	0.87	38	0.20
2001-3000	26421	0.42	11	0.06
3001-4000	41512	0.66	12	0.07
4001-5000	12918	0.21	3	0.02
5001-10000	56119	0.89	7	0.04
10001-50000	182232	2.91	10	0.05
50001 and above	4848755	77.30	7	0.04
TOTAL	6272629	100.00	18334	100.00
Physical Mode	1515886	24.16	16995	92.70
Electronic Mode:				
NSDL	4632720	73.86	934	5.09
CDSL	124023	1.98	405	2.21
TOTAL	6272629	100.00	18334	100.00

**Shareholding pattern**

Categories of Shareholders	As on 31st March, 2013		As on 31st March, 2012	
	No. of Shares	% to Total Capital	No. of Shares	% to Total Capital
Promoters and persons acting in concert (Including Directors and Relatives)	46,86,373	74.71	46,85,223	83.16
Foreign Institutional Investors	-	-	-	-
Public Financial Institutions	1,40,817	2.24	84,490	1.50
Mutual funds	4,000	0.06	2,400	0.04
Nationalised and Other Banks	-	-	-	-
Private Corporate Bodies	41,686	0.66	44,750	0.79
NRIs and OCBs	-	-	-	-
Individual holding nominal capital upto ₹ 1 Lacs	2,27,410	3.63	97,419	1.73
Others (Public)	11,72,343	18.70	7,20,051	12.78
Total	62,72,629	100.00	56,34,333	100.00

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

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, 2013.

For Pentokey Organy (India) Ltd.

S. Mohan
Whole-time Director

Place : Mumbai
Date : 23rd May, 2013

PENTOKEY ORGANY (INDIA) LIMITED



Certification by the Chief Executive Officer (CEO) 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, 2013 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 affairs 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.

For Pentokey Organy (India) Ltd.

S. Mohan

Whole-time Director

Place : Mumbai

Date : 23rd May, 2013

Auditor's Report 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, 2013.

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 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's Registration No: 102358W)

Alok K. Saksena
Partner
M. No. 35170

Place : Mumbai

Date : 23rd May, 2013



Auditors' Report

To the Members of

Pentokey Organy (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Pentokey Organy (India) Limited** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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, the 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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **Desai Saksena & Associates**
Chartered Accountants
(Firm's Registration No: 102358W)

Place: Mumbai
Date: 23rd May, 2013

Alok K. Saksena
Partner
Membership No: 35170

Annexure to Auditors' Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. In respect of its fixed assets:
 - (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) In our opinion, during the year, the Company has not disposed off a substantial part of the fixed assets and in our opinion on going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a) As explained to us, inventories of raw materials, finished goods were physically verified during the year by the Management.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of 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 inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories 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 paragraphs (iii) (b), (c) and (d) 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. The maximum amount outstanding at any time during the year and the year end balance and the maximum amount outstanding at any time during the year in respect of the said loan is ₹ 900 lacs respectively.
- (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) There is no repayment schedule in respect of the said loan.
- 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 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, since, there were no transactions of sale and purchase during the year with the parties covered under Register maintained under Section 301 of the Companies Act, 1956 therefore, the provisions of clause 4(v) (a) of Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (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, therefore the provisions of clause 4(v) (b) of Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. In respect of statutory dues :
- (a) According to the information, explanations and records of the Company in respect of statutory and other dues, the Company, 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 other than Minimum Alternative Tax (MAT)
- (b) 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 MAT payable under Section 115JB of the Income Tax Act, 1961. Accordingly the Company has not provided for the said liability.
- (c) According to the explanation given to us, the disputed statutory dues aggregating ₹ 390.49 lacs, that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

PENTOKEY ORGANY (INDIA) LIMITED



Sr. No.	Name of the Statute	Nature of Dues	Financial Year to which it Pertains	Forum where Dispute is pending	Amount (₹ in Lacs)
1	Bombay Rectified Spirit (Transport in Bond) Rules, 1957	Transport Fees	2002-2007	High Court	103.24
2	Bombay Sales Tax Act, 1959	Sales Tax	1994-1995	Joint Commissioner of Sales Tax (Appeal)	7.81
3	Bombay Sales Tax Act, 1959 and Central Sales Tax Act, 1956	Sales Tax and Central Sales Tax	2003-2004	Maharashtra Sales Tax Tribunal	193.96
4	Bombay Sales Tax Act, 1959 and Central Sales Tax Act, 1956	Sales Tax and Central Sales Tax	2004-2005	Joint Commissioner of Sales Tax (Appeal)	85.48
				Total	390.49

- x. The Company does not have accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures 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. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of Companies (Auditor's Report) Order 2003 are 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 provisions of clause 4(xiv) of Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any 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, prima facie, we are of the opinion that no funds raised on short-term basis have been used 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 the question of creation of securities or charge does not arise.
- xx. The Company has not raised any monies 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
(Firm's Registration No: 102358W)

Place: Mumbai
Date: 23rd May, 2013

Alok K. Saksena
Partner
Membership No: 35170

**26TH ANNUAL REPORT 2012-2013****BALANCE SHEET AS AT 31ST MARCH, 2013**

₹ in Lacs

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
A EQUITY AND LIABILITIES			
1 Shareholder's Fund			
a) Share Capital	2	627.26	563.43
b) Reserves and Surplus	3	<u>535.08</u>	<u>280.41</u>
		1,162.34	843.84
2 Non-current Liabilities			
a) Long-term Borrowings	4	1,203.40	595.42
b) Other Long-term Liabilities	5	-	17.11
c) Long-term Provisions	6	<u>30.33</u>	<u>29.57</u>
		1,233.73	642.10
3 Current Liabilities			
a) Short-term Borrowings	7	1,029.04	663.77
b) Trade Payables	8	1,430.71	591.08
c) Other Current Liabilities	9	206.11	278.23
d) Short-term Provisions	10	<u>73.50</u>	<u>66.09</u>
		2,739.36	1,599.17
TOTAL		<u>5,135.43</u>	<u>3,085.11</u>
B ASSETS			
1 Non-current Assets			
a) Fixed Assets	11		
(i) Tangible Assets		1,046.72	1,091.16
(ii) Intangible Assets		0.15	0.22
(iii) Capital Work-in-progress		<u>3.60</u>	<u>35.73</u>
		1,050.47	1,127.11
b) Non-current Investments	12	0.06	0.06
c) Deferred Tax Assets (Net)	13	163.85	163.85
d) Long-term Loans and Advances	14	538.07	424.07
e) Other Non-current Assets	15	-	-
		1,752.45	1,715.09
2 Current Assets			
a) Inventories	16	1,187.25	678.54
b) Trade Receivables	17	584.99	167.31
c) Cash and Bank Balance	18	96.58	99.00
d) Short-term Loans and Advances	19	1,513.27	424.54
e) Other Current Assets	20	<u>0.89</u>	<u>0.63</u>
		3,382.98	1,370.02
TOTAL		<u>5,135.43</u>	<u>3,085.11</u>
Significant Accounting Policies and Notes to Accounts	1 to 40		

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

Chartered Accountants

Alok K. Saksena

Partner

M.N.35170

Place : Mumbai

Date : 23rd May, 2013

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

Whole-time Director

Place : Mumbai

Date : 23rd May, 2013

Rajendra V. Shah

Director

Priyanka S. Jain

Company Secretary

PENTOKEY ORGANY (INDIA) LIMITED



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

Particulars	Note No.	Year Ended 31st March, 2013	Year Ended 31st March, 2012
1 Sale of Goods (Gross)	21	12,560.93	10,557.00
Less: Excise Duty		1,045.61	841.99
		11,515.32	9,715.01
2 Other Income	22	22.75	15.22
3 Total Revenue (1+2)		11,538.07	9,730.23
4 Expenses			
a) Cost of Materials Consumed	23	9,353.55	7,944.21
b) Changes in Inventories of Finished Goods, Work-in-process	24	(250.51)	(61.16)
c) Employee Benefits Expense	25	228.14	193.24
d) Finance Costs	26	264.39	138.68
e) Depreciation and Amortisation Expense	11	118.27	134.17
f) Other Expenses	27	1,432.82	1,136.14
Total Expenses		11,146.66	9,485.28
5 Profit / (Loss) before Tax		391.41	244.95
6 Tax Expense:			
a) Current Tax Expense (Refer to the Note 35)		-	-
b) Deferred Tax Credit		-	40.56
		-	40.56
7 Profit / (Loss) for the Year		391.41	285.51
8 Earnings Per Equity Share of face value ₹ 10/-			
Basic		6.73	5.07
Diluted		6.73	5.07

Significant Accounting Policies and Notes to Accounts 1 to 40

As per our report of even date attached

For Desai Saksena & Associates

Chartered Accountants

Alok K. Saksena

Partner

M.N.35170

Place : Mumbai

Date : 23rd May, 2013

For and on behalf of the Board of Directors

S. Mohan

Whole-time Director

Place : Mumbai

Date : 23rd May, 2013

Rajendra V. Shah

Director

Priyanka S. Jain

Company Secretary



26TH ANNUAL REPORT 2012-2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

₹ in Lacs

Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax after Exceptional items	391.41	244.95
Adjustment for:		
Depreciation	118.28	134.17
Profit on Sale of Fixed Assets	-	(0.57)
Interest Income	(3.89)	(7.44)
Dividend Income	(0.02)	(0.06)
Interest and Finance Charges	264.38	138.68
Operating Profit before Working Capital Changes	<u>770.16</u>	<u>509.73</u>
Adjusted for:		
Inventories	(508.70)	(12.44)
Trade Receivable	(417.68)	(151.01)
Loans and Advances	(1,202.10)	(493.08)
Trade Payable and Other Liabilities	636.58	(421.40)
Net Cash from/(used in) Operating Activities	<u>(721.74)</u>	<u>(568.20)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	(61.21)	(161.31)
Sale of Fixed Assets	-	0.57
Interest Income	3.00	6.75
Dividend Income	0.02	0.06
Cash generated from/(used in) Investing Activity	<u>(58.19)</u>	<u>(153.93)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest and Finance Charges	(265.06)	(135.07)
Proceed from Long Term Borrowings	2.16	300.28
Repayment of Long Term Borrowings	(65.62)	-
Acceptance/(Repayment) of Other Borrowings (Net)	1,049.69	625.76
Dividend Paid	56.34	-
Cash generated from/(used in) Financing Activity	<u>777.51</u>	<u>790.97</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(2.42)	68.84
Cash and Cash Equivalents at beginning of the year	99.00	30.16
Cash and Cash Equivalents at end of the year	96.58	99.00

As per our report of even date attached

For Desai Saksena & Associates

Chartered Accountants

Alok K. Saksena

Partner

M.N.35170

Place : Mumbai

Date : 23rd May, 2013

For and on behalf of the Board of Directors

S. Mohan

Whole-time Director

Place : Mumbai

Date : 23rd May, 2013

Rajendra V. Shah

Director

Priyanka S. Jain

Company Secretary



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 up to 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 amortisation.

D) Investments:

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



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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 are invoiced and dispatched to the customers are recorded net of 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.

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.

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 2 : SHARE CAPITAL		
Share Capital consist of the following:		
i Authorised		
4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of ₹ 10/- each	4,000.00	4,000.00
ii Issued		
62,72,629 (Previous Year 56,34,333) Equity Shares of ₹ 10/- each	627.26	563.43
iii Subscribed and Paid-up		
56,34,333 (Previous Year 56,34,333) Equity Shares of ₹ 10/- each	563.43	563.43
Add : Bonus Shares Issued on 19.12.2012 6,38,296 (Previous Year - NIL) Equity Shares of ₹ 10/- each	63.83	-
Total Share Capital	627.26	563.43

Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

₹ in Lacs

Particulars	2012-13		2011-12	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ₹ 10/- each fully paid up :				
Shares outstanding at the beginning of the year	56,34,333	563.43	56,34,333	563.43
Shares issued during the year	6,38,296	63.83	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	62,72,629	627.26	56,34,333	563.43

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, 2013, the amount of per share proposed final dividend recognised as distributions to equity shareholders was Re.1/- per share (Previous Year Re. 1/-)

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 Shareholders holding more than 5% of Equity Shares in the Company

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
Sakarwadi Trading Co. Pvt. Ltd.	27,51,218	43.86	25,15,350	44.64
Somaiya Agencies Pvt. Ltd.	10,00,000	15.94	10,00,000	17.75
Jasmine Trading Co. Pvt. Ltd.	6,00,000	9.57	6,00,000	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.

vi The Company has issued Bonus Shares 6,38,296 (Previous Year Nil) by capitalisation of the reserves.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 3 : RESERVES AND SURPLUS		
i Capital Reserve		
Capital Subsidy (SICOM)	30.00	30.00
	30.00	30.00
ii General Reserves		
Opening Balance	7.20	-
Add : Transfer during the year	10.00	7.20
	17.20	7.20
iii Statement of Profit and Loss		
Opening Balance	243.21	30.38
Add : Profit / (Loss) for the year	391.41	285.51
	634.62	315.89
Less : Appropriations		
Proposed Dividend	62.73	56.34
Dividend Distribution Tax	10.18	9.14
Transfer to General Reserves	10.00	7.20
	82.91	72.68
Less : Bonus Shares		
Bonus Shares	63.83	-
	487.88	243.21
TOTAL	535.08	280.41
Note 4 : LONG TERM BORROWINGS		
SECURED LOANS		
Term Loans		
i Term Loan From Bank	149.32	225.21
ii Car Loans From Bank	4.08	9.21
Total	153.40	234.42
UNSECURED LOANS		
From Related Party	900.00	100.00
From Other Parties	150.00	261.00
	1,050.00	361.00
TOTAL	1,203.40	595.42

(a) Nature of Security and Terms of Repayment for Long Term Secured Borrowings

Nature of Security

Term Loan Amounting to ₹ 236.82 Lacs (P.Y. ₹ 300.28 Lacs) Secured Against First Charge of Hypothecation of Assets acquired out of the Term Loan and collaterally secured by first charge on the company's fixed assets at D-1/1, MIDC, Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Maharashtra

Terms

Repayable in 16 quarterly installments commencing from June, 2012. Rate of Interest Base Rate + 3.75% (P.Y. Base Rate + 3.75%)

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 5 : OTHER LONG TERM LIABILITIES		
Trade Payable	-	12.62
Other Long-term Liabilities	-	4.49
TOTAL	-	17.11
Note 6 : LONG TERM PROVISIONS		
Provision For Gratuity	20.96	22.64
Provision For Leave Encashment	9.37	6.93
TOTAL	30.33	29.57
Note 7 : SHORT TERM BORROWINGS		
SECURED LOANS		
Working Capital Loans from Bank	887.92	563.77
Bill Discounting with bank	30.12	-
UNSECURED LOANS		
From Other Party	111.00	100.00
TOTAL	1,029.04	663.77
Nature of Security	Terms	
Working Capital Loan Fully Secured Against Hypothecation of Stocks and Receivables	Rate of Interest Base rate + 3.00% (P.Y. Base Rate + 3.75%)	
Note 8 : TRADE PAYABLES		
Trade Payable	1,430.71	591.08
TOTAL	1,430.71	591.08
Note 9 : OTHER CURRENT LIABILITIES		
Current Maturities of Term Loan-Indian Overseas Bank (Refer to Note 4 a)	87.50	75.07
Current Maturities of Car Loan-ICICI Bank Ltd.	5.14	4.57
Interest Accrued and Due on Loans	2.93	3.62
Unclaimed Dividend (F.Y. 2011-12)	3.18	-
Advances from Customers	18.72	138.13
Duties and Taxes	62.90	30.31
Other Current Liabilities	25.74	26.53
TOTAL	206.11	278.23
Note 10 : SHORT TERM PROVISIONS		
i Provisions for Employee Benefits		
Gratuity	0.40	0.46
Leave Encashment	0.19	0.15
ii Other		
Proposed Dividend	62.73	56.34
Dividend Distribution Tax	10.18	9.14
TOTAL	73.50	66.09



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Note 11 : Fixed Assets, Depreciation and Amortisation Expense

PARTICULARS	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 1st April, 2012	Addition	Deletion/ Adjustments	As at 31st March, 2013	As at 1st April, 2012	For the Year	Adjustment	Total Dep. /Amrt. for the Year	As at 31st March, 2013	As at 31st March, 2012
A) Tangible Assets										
Land (Leasehold)	9.88	-	-	9.88	2.08	0.10	-	0.10	7.70	7.80
Factory Building	360.25	6.25	-	366.50	172.43	12.03	-	12.03	182.04	187.82
Plant and Machinery	2,473.86	63.04	-	2,536.90	1,623.91	100.59	-	100.59	812.40	849.95
Electrical Installation	0.94	-	-	0.94	0.62	0.03	-	0.03	0.29	0.32
Office Equipments	55.62	2.41	-	58.03	32.98	2.33	-	2.33	22.72	22.64
Computers	22.04	1.18	-	23.22	20.57	0.68	-	0.68	1.97	1.47
Furniture and Fixtures	22.92	0.88	-	23.80	20.96	0.57	-	0.57	2.27	1.96
Vehicles	19.68	-	-	19.68	0.48	1.87	-	1.87	17.33	19.20
Subtotal (A)	2,965.19	73.76	-	3,038.95	1,874.03	118.20	-	118.20	1,046.72	1,091.16
B) Intangible Assets										
Computer Software	0.45	-	-	0.45	0.23	0.07	-	0.07	0.15	0.22
Patents and Trade Mark	0.12	-	-	0.12	0.12	-	-	-	-	-
Subtotal (B)	0.57	-	-	0.57	0.35	0.07	-	0.07	0.15	0.22
TOTAL (A) + (B)	2,965.76	73.76	-	3,039.52	1,874.38	118.27	-	118.27	1,046.87	1,091.38
Previous Year	2,589.85	382.99	7.08	2,965.76	1,747.29	134.17	7.08	134.17	1,091.38	842.57
Capital Work-in-progress									3.60	35.73
TOTAL									1,050.47	1,127.11

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 12 : NON CURRENT INVESTMENT (For mode of Valuation refer Note 1 (D))		
Non Trade Investment		
Investment in Equity Instrument		
Quoted Investment		
50 (Previous Year 50) Equity Shares of ₹ 100/- each fully paid up of State Bank of India	0.05	0.05
[Market value of quoted investment ₹ 1.04 Lacs (Previous Year ₹ 1.05 Lacs)]		
Unquoted Investment		
10 (Previous Year 10) Equity Shares of ₹ 50/- each fully paid up of The Thane Janata Sahakari Bank Ltd.	0.01	0.01
TOTAL	0.06	0.06
Note 13 : DEFERRED TAX ASSETS (NET)		
Deferred Tax Liability		
On account of difference in Depreciation	104.82	94.76
Deferred Tax Asset		
On Account of Section 43B of Income Tax Act, 1961, and b/f Losses	268.67	258.61
TOTAL	163.85	163.85
Note 14 : LONG TERM LOANS AND ADVANCES		
(Unsecured considered good)		
i Security Deposits and Other Deposits		
Unsecured, Considered good	14.46	14.46
Unsecured, Considered doubtful	10.57	10.57
Less : Provisions	10.57	10.57
	<u>14.46</u>	<u>14.46</u>
ii Advance Payment of Taxes (Net of provision ₹ Nil (P.Y.Nil))	1.14	1.09
iii VAT Refund Receivable	522.47	208.40
iv Other Advances		
Unsecured, Considered good	-	200.12
Unsecured, Considered doubtful	36.98	36.98
Less : Provisions	36.98	36.98
	<u>-</u>	<u>200.12</u>
TOTAL	538.07	424.07
Note 15 : OTHER NON CURRENT ASSETS		
Trade Receivable		
Unsecured considered doubtful	-	3.00
Less: Provision for Doubtful Debts	-	3.00
TOTAL	<u>-</u>	<u>-</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 16 : INVENTORIES (Mode of Valuation refer Note 1 (E))		
(As taken, valued and certified by the management)		
Raw Materials	514.14	313.85
Work-in-process	21.04	20.76
Finished Goods	468.90	164.37
Finished Goods in Transit	-	54.30
Stores and Spares	183.17	125.26
TOTAL	1,187.25	678.54
Details of Raw Material Inventory		
Special Denatured Spirit	220.40	233.59
Acetic Acid	291.65	78.13
Other Chemicals	2.09	2.13
Total	514.14	313.85
Details of Work-in-process Inventory		
Acetaldehyde	3.55	4.23
Ethyl Acetate	17.49	16.53
Total	21.04	20.76
Details of Finished Goods Inventory		
Acetaldehyde	13.98	2.09
Ethyl Acetate	454.92	162.28
Total	468.90	164.37
Details of Finished Goods in Transit Inventory		
Ethyl Acetate	-	54.30
Total	-	54.30
Note 17 : TRADE RECEIVABLE		
i More than six months		
Unsecured, Considered good	-	-
ii Less than six months		
Unsecured, Considered good	584.99	167.31
TOTAL	584.99	167.31
Note 18 : CASH AND BANK BALANCE		
i Cash and Cash Equivalent		
Balance with Banks in Current Accounts	18.79	39.36
Cash on Hand	4.29	1.99
ii Other Bank Balances		
Margin Money with Bank	73.50	57.65
TOTAL	96.58	99.00

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 19 : SHORT TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Advances for Capital Goods	20.87	9.34
Balance with Excise Department	311.03	141.30
VAT Refund Receivable	60.94	60.94
Security Deposit	0.03	-
Prepaid Expenses	12.41	6.29
Other Short-term advances	1,107.99	206.67
TOTAL	1,513.27	424.54
Note 20 : OTHER CURRENT ASSETS		
(Unsecured considered good)		
Interest Receivable Bank	0.89	0.63
TOTAL	0.89	0.63
Note 21 : SALE OF GOODS (GROSS)		
Ethyl Acetate	12,398.39	10,356.57
Acetaldehyde	162.54	200.43
TOTAL	12,560.93	10,557.00
Earnings in Foreign Currency		
Exports of Goods on Free on Board (FOB) basis	2,583.86	464.99
Note 22 : OTHER INCOME		
Interest Received	3.89	7.44
Dividend Received from Long-term Investment	0.02	0.06
Duty Drawback	-	4.84
Profit on Sale of Fixed Assets	-	0.57
Miscellaneous Income	3.49	2.31
Provision for Doubtful debts W/back	3.00	-
Sundry Balance W/back	11.77	-
Exchange Fluctuation - Net	0.58	-
TOTAL	22.75	15.22



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 23 : COST OF MATERIAL CONSUMED		
Raw Materials		
Opening Inventories	313.85	383.27
Purchases	9,553.84	7,874.79
	9,867.69	8,258.06
Less : Closing Inventories	514.14	313.85
TOTAL	9,353.55	7,944.21
Details of Raw Material Consumed		
Particulars		
Special Denatured Spirit	3,777.97	3,801.71
Acetic Acid	4,534.96	3,642.09
Ethyl Acetate (RM)	-	491.58
Molasses	1,030.17	-
Others	10.45	8.83
Total	9,353.55	7,944.21

₹ in Lacs

Imported and Indigenous Raw Material Consumed	As at 31st March, 2013		As at 31st March, 2012	
	Amount	%	Amount	%
Imported	1,118.45	11.96	1,168.87	14.71
Indigenous	8,235.10	88.04	6,775.34	85.29
Total	9,353.55	100.00	7,944.21	100.00

Expenditure in Foreign Currency

Import of Goods on Carriage Insurance Freight(CIF) basis	939.91	1,026.75
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Note 24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS

Closing Inventories

Finished Goods	468.90	218.68
Work-in-process	21.05	20.76
	489.95	239.44

Less: Opening Inventories

Finished Goods	218.68	161.54
Work-in-process	20.76	16.74
	239.44	178.28

TOTAL

(250.51)

(61.16)

Note 25 : EMPLOYEE BENEFITS EXPENSE

Salary, Wages and Bonus	170.40	150.35
Gratuity and Leave Encashment	4.83	2.36
Contribution to PF and ESIC	10.86	9.53
Staff Welfare Expenses	19.44	17.73
Directors Remuneration	22.61	13.27
TOTAL	228.14	193.24

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013	As at 31st March, 2012
Note 26 : FINANCE COST		
Interest - Bank	116.96	69.15
Interest - Others	132.35	60.78
Other Borrowing Cost	15.08	8.75
TOTAL	264.39	138.68
Note 27 : OTHER EXPENSES		
a) Manufacturing Expenses		
Packing Material Consumed	321.70	170.84
Stores Consumed	64.94	59.47
Fuel and Power	720.99	633.10
Water Charges	11.93	11.47
Other Manufacturing Expenses	54.03	21.32
b) Administrative and Selling Expenses		
Rent, Rates and Taxes	8.85	8.81
Insurance	14.86	13.50
Repairs and Maintenance		
i) Plant	10.15	4.22
ii) Building	9.33	17.29
iii) Others	2.18	1.63
Total	21.66	23.14
Legal and Professional Charges	22.22	14.84
Motor Car Expenses	1.12	1.40
Travelling and Conveyance Expenses	9.86	9.44
Postage and Telephone	12.66	3.60
Printing and Stationery	7.04	4.23
Security Service Charges	16.11	14.04
Donation	0.57	5.16
Provision for Doubtful Debts / Advances	-	39.63
Auditors Remuneration	2.34	1.72
Other Expenses	29.21	20.24
Clearing and Forwarding Charges Export	94.72	24.64
Exchange Fluctuation - Net	-	18.11
Bank Charges	12.17	6.78
Sundry Balances W/off	-	12.08
Listing Fees	2.84	18.58
Bad Debts	3.00	-
TOTAL	1,432.82	1,136.14
Expenditure in Foreign Currency		
Commission	1.25	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note 28: The Company has no dues to micro and small enterprises as at 31st March, 2013. This information is required to be disclosed 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

- i. The State Excise Department, Government of Maharashtra has demanded ₹ 103.24 Lacs (Previous Year ₹ 103.24 Lacs) for Transportation fees / administration charges for purchase of Special Denatured Spirit (SDS) 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 Hon'ble Bombay High Court.
- ii. Custom Duty Payable under advance License pending fulfillment of export obligation as on 31st March, 2013 ₹ 17.13 Lacs (Previous Year ₹ 120.03 Lacs)
- iii. Sales Tax Demand of ₹ 39.37 Lacs (Previous Year ₹ 39.37 Lacs) under BST Act and ₹ 154.59 Lacs (Previous Year ₹ 154.59 Lacs) under CST Act for the year 2003-04 against which the Company has preferred appeals before Maharashtra Sales Tax Tribunal.
- iv. Sales Tax Demand of ₹ 7.81 Lacs (Previous Year ₹ NIL) under BST Act for the year 1994-95, ₹ 33.84 Lacs (Previous Year ₹ NIL) under BST Act and ₹ 51.64 Lacs (Previous Year ₹ NIL) under CST Act for the year 2004-05 against which the Company has preferred appeals before Joint Commissioner of Sales Tax (Appeals) Kolhapur.

Note 30: Loans and Advances including ₹ 51.54 Lacs (Previous Year ₹ 51.54 Lacs) 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:

Sr.	Particulars	₹ in Lacs
1.	Minimum Demand Charges, Interest and late payment charges	29.06
2.	Deposits	22.48
	Total	51.54

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 Hon'ble 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 ₹ 39.63 Lacs (Previous Year ₹ 39.63 Lacs) has been made in books of accounts.

Note 31: 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 32: 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:

₹ in Lacs

Sr.	Particulars	2012-13	2011-12
1	Domestic Sales	8,931.46	9,250.02
2	Export Sales	2,583.86	464.99
	Total	11,515.32	9,715.01



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 33: Disclosure of Related Parties

a. List of Related Parties:

Associate Concerns	Sakarwadi Trading Co. Pvt. Ltd. Lakshmiwadi Mines and Minerals Pvt. Ltd Somaiya Agencies Pvt. Ltd. Jasmine Trading Co. Pvt. Ltd Godavari Biorefineries Ltd. K. J. Somaiya and Sons Pvt. Ltd Somaiya Properties and Investments Pvt. Ltd. (Formerly The Godavari Sugar Mills Pvt. Ltd.)
Key Management Personnel	Shri Rajendra V. Shah - Director Shri S. Mohan - Whole-time Director

b. Transactions with Related Parties:

Particulars	₹ in Lacs	
	2012-13	2011-12
Associate Concerns		
Loan Fund Received		
Sakarwadi Trading Co. Pvt. Ltd.	800.00	100.00
Interest		
Sakarwadi Trading Co. Pvt. Ltd	79.53	0.04
Rent		
K. J. Somaiya and Sons Pvt. Ltd.	-	5.96
Somaiya Properties and Investments Pvt. Ltd. (Formerly The Godavari Sugar Mills Pvt. Ltd.)	6.07	-
Purchase		
Godavari Biorefineries Ltd.	0.71	819.92
Sales		
Godavari Biorefineries Ltd.	-	6.67
Key Management Personnel		
Remuneration		
Shri S. Mohan	21.61	12.54

c. Year end Balances:

Particulars	₹ in Lacs	
	2012-13	2011-12
Loan Fund		
Sakarwadi Trading Co. Pvt. Ltd.	900.00	100.04

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****Note 34: Disclosure of Earning Per Share:**

Particulars	₹ in Lacs	
	2012- 2013	2011- 2012
Net Profit / (Loss) for the year after Tax	391.41	285.51
No. of Equity Shares of ₹ 10/- each	62,72,629	56,34,333
No. of Diluted Equity Shares of ₹ 10/- each.	58,14,455	56,34,333
Earning Per Share		
- Basic	6.73	5.07
- Diluted	6.73	5.07
Face value of Equity Shares	10	10

Note 35: 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).

Note 36: Retirement Benefits

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 summarised the net benefit / expenses recognised in Statement of Profit and Loss and Balance Sheet.

Particulars	₹ in Lacs	
	As at 31st March, 2013 (Unfunded)	As at 31st March, 2012 (Unfunded)
I. Reconciliation of Opening and Closing balances of Present Value of Defined Benefit obligations (PVDBO)		
(PVDBO) at beginning of period	23.10	21.84
Interest Cost	1.88	1.71
Current Service Cost	2.30	2.40
Benefits Paid	(1.80)	(3.44)
Actuarial (gain)/loss on obligation	(4.12)	0.59
(PVDBO) at end of period	21.36	23.10



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013 (Unfunded)	As at 31st March, 2012 (Unfunded)
II. Reconciliation of Opening and Closing balances of fair value of plan assets		
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Employer Contributions	1.80	3.44
Benefit Paid	(1.80)	(3.44)
Actuarial gain/(loss) on plan assets	-	-
Fair Value of Plan Assets at end of period	-	-
III. Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period	-	-
Actual Return on Plan Asset	-	-
Contributions	1.80	3.44
Benefit Paid	(1.80)	(3.44)
Fair Value of Plan Assets at end of period	-	-
Present Value of Defined Benefit obligations	(21.36)	(23.10)
Excess of actual over estimated return on Plan Assets	-	-
IV. Amounts to be recognised in the Balance Sheet (PVDBO) at end of period	21.36	23.10
Fair Value of Plan Assets at end of period	-	-
Funded Status	(21.36)	(23.10)
Unrecognised Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognised in the balance sheet	(21.36)	(23.10)
	Year Ended March, 2013 (Unfunded)	Year Ended March, 2012 (Unfunded)
V. Expense recognised in the Statement of Profit and Loss		
Current Service Cost	2.30	2.40
Interest cost	1.88	1.71
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognised for the period	(4.12)	0.59
Expense recognised in the Statement of Profit and Loss	0.06	4.70



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2013 (Unfunded)	As at 31st March, 2012 (Unfunded)
VI. Movements in the Liability recognised in Balance Sheet		
Opening Net Liability	23.10	21.84
Expenses as above	0.06	4.70
Contribution paid	(1.80)	(3.44)
Closing Net Liability	21.36	23.10
VII. Assumptions as at		
Mortality Table	LIC(1994-96)	LIC(1994-96)
	Ultimate	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:

₹ in Lacs

Particulars	2012-13	2011-12
Employers Contribution to Provident Fund and Pension Fund	12.31	10.42
Employers Contribution to ESIC	0.08	0.11

Note 37: Estimated value of contracts remaining to be executed on capital account and not provided for in the accounts as at 31st March, 2013 was ₹ 97.92 Lacs (Previous year ₹ 4.53 Lacs)

Note 38: Remuneration to Auditors

₹ in Lacs

Particulars	2012-13	2011-12
Audit Fees	1.40	1.10
Tax Audit Fees	0.84	0.55
Other Matter	0.09	0.07
Total	2.33	1.72

PENTOKEY ORGANY (INDIA) LIMITED



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 39: The Company does not have any derivative contracts or forward contracts for the purpose of hedging foreign currency rate / commodity price risk. Accordingly the Company does not have any outstanding derivative contracts or forwards contracts. Details of said foreign currency exposures which are not hedged by Derivative Contracts are as under:

₹ in Lacs

Sr.	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	Debtors	272.71	-
2	Creditors	291.86	235.72

Note 40: The figures of the previous year have been regrouped and rearranged so as to make them comparable with those of the current financial year.

For Desai Saksena & Associates

Chartered Accountants

Alok K. Saksena

Partner

M.N.35170

Place : Mumbai

Date : 23rd May, 2013

For Pentokey Organy (India) Limited

S. Mohan

Whole-time Director

Place : Mumbai

Date : 23rd May, 2013

Rajendra V. Shah

Director

Priyanka S. Jain

Company Secretary



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 26th Annual General Meeting held at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020 on Tuesday, the 13th August, 2013 at 5.00 p.m.

Shareholder/Proxy :

(Surname)

(First Name)

(Middle 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 26th Annual General Meeting of the Company to be held at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020 on Tuesday, the 13th August, 2013 at 5.00 p.m. or at any adjournment thereof.

Signed this the _____ day of _____ 2013.

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.

