

## PENTOKEY ORGANY (INDIA) LIMITED



<b>BOARD OF DIRECTORS</b>	Shri Rajendra V. Shah - Chairman (upto 29.05.2014) Shri Devendra J. Shrimanker - Non - Executive Independent Director Shri S. Mohan - Whole-time Director Dr. Sampatraj B. Chandalia - Non - Executive Shri Girish M. Kajaria - Non - Executive Director Shri Shyam C. Balsekar - Non - Executive Independent Director
<b>COMPANY SECRETARY</b>	Ms. Swarna Gunware
<b>AUDITORS</b>	M/s. Desai Saksena & Associates, Chartered Accountants
<b>COST AUDITORS</b>	B. J. D. Nanabhoy & Co., Cost Accountants
<b>BANKER</b>	Indian Overseas Bank
<b>REGISTERED OFFICE</b>	Somaiya Bhavan, 45/47, M. G. Road, Fort, Mumbai - 400 001. <a href="http://www.pentokey.com">www.pentokey.com</a>
<b>FACTORY</b>	D-1/1, MIDC, Lote Parshuram, Tal. Khed, Dist. Ratnagiri, Maharashtra
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	Datamatics Financial Services Ltd., Plot No. B-5, Part B, Cross Lane, MIDC, Andheri (East), Mumbai - 400 093.

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**NOTICE**

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the members of Pentokey Organy (India) Limited, will be held on Wednesday, the 13th August, 2014, 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, 2014 and the Statement of Profit and Loss for the year ended on that date with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Sampatraj B. Chandalia (DIN: 02043494), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Desai Saksena & Associates, Chartered Accountants (Registration No. 102358W), as Auditors of the Company to hold office, from the conclusion of this Annual General Meeting till the conclusion of the 31st Annual General Meeting of the Company, subject to ratification at every Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2015.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Devendra J. Shrimanker (DIN: 00385083), a Non- Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years, with effect from 13th August, 2014 upto 12th August, 2019."
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Shyam C. Balsekar (DIN: 02333845), a Non- Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years, with effect from 13th August, 2014 upto 12th August, 2019."
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provision of Section 14 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force) and subject to such approvals, permissions and sanctions from the appropriate authority, if any, the Articles of Association of the Company be and are hereby altered in the manner set out herein below:  
The following Article be inserted as Article No. 115 c) after Article No. 115 b)  
"115 c). A member may exercise his vote at a meeting by electronic means in accordance with Section 108 of Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and shall vote only once."  
"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary."
7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013, if any, consent of the Company be and is hereby accorded for entering into related party transaction by the Company with effect from 1st April, 2014 upto the maximum amounts p.a. as mentioned below:



(₹ in Lacs)

<b>Maximum Amount of Contract/Transaction (per annum)</b>				
<b>Transaction as mention u/s 188 (1) of Companies Act, 2013</b>				
<b>Name of Related Parties</b>	<b>Sale, purchase or supply of goods or materials</b>		<b>Leasing of property of any kind</b>	<b>Availing or rendering of any services</b>
	<b>Sale</b>	<b>Purchase</b>		
Somaiya Properties and Investments Pvt. Ltd.	-	-	5.00	-
K.J. Somaiya and Sons Pvt. Ltd.	-	-	-	25.00
Godavari Biorefineries Ltd.	1,000.00	2,500.00	-	-
The Book Centre Ltd.	-	20.00	-	-

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take such steps and do and perform all such acts, deeds, matters and things as may be necessary, in its absolute discretion deem necessary, proper or desirable or as may be incidental or ancillary and to settle any question, difficulty or doubt that may arise in regard to give effect to this resolution."

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

"RESOLVED THAT in supersession of the Ordinary Resolution passed at an Extra Ordinary General Meeting held on 5th December, 2012 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money which, together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the Company and its free reserves, that is say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 50 Crores."

"RESOLVED FURTHER THAT Board of Directors of the Company and Company Secretary of the Company be and are hereby authorised severally to do all such acts, deeds ad things, to execute all such documents, instruments in writing as may be required in its absolute discretion pursuant to the above resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 148 (3) and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. B. J. D. Nanabhoy & Co., the Cost Auditors appointed by the Board of Directors of the Company, to audit cost accounting records maintained by the Company in respect of its product Chemical for the financial year ending March 31, 2015, be paid the remuneration of ₹ 30,000/- and reimbursement of travelling and other out of pocket expenses plus service tax as applicable, subject to the approval of the Central Government."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution. "

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government and all concerned authorities, if any necessary, the consent of the members of the Company be and is hereby accorded for payment of remuneration to Shri S. Mohan (DIN: 03184356), who was appointed as a Whole-time Director of the Company, designated as Director (Works) for the period of three (3) years w.e.f. 5th August, 2013, in accordance with limit prescribed in Section II to Part II of Schedule V of the Companies Act, 2013 or any amendment or notification thereto, as detailed in the explanatory statement."



"RESOLVED FURTHER THAT Shri S. Mohan, Whole-time Director of the Company shall also be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration;

- a) Contribution to Provident Fund, Superannuating Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave as per the Company's Rules."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution subject to such modifications thereof as may be agreed upon by the Board on behalf of the Company."

**Registered Office:**

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

For and on behalf of the Board of Directors

**S. Mohan**  
Whole-time Director

Place : Mumbai

Date : 29th May, 2014

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### 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 Registrar and Share Transfer Agent 'Datamatics Financial Services Limited', Plot No. B 5, Part B, Cross Lane, MIDC, Andheri (East), Mumbai- 400 093.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 2014 to 13th August, 2014 (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 relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
6. 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.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Company and has issued circulars allowing service of notices/ documents including annual report by e-mail to its members. To support this green initiative of the government in full measure, members who have not registered their e-mail address so far, are requested to register the same in respect of electronic holdings with the depository through their depository participants. Members who are holding shares in physical form are requested to get their e-mail address registered with the Registrar and Share Transfer Agent.
8. Particulars of the Directors seeking appointment/ re- appointment at the ensuing Annual General Meeting pursuant to Clause 49 of the Listing Agreement are furnished below:

Name of Director & Qualification	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 vast experience in the field of Taxation, Finance and Accounts	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 vast experience in the field of Electronics and Renewable energy	1. Linear Environment and Safety Technology Pvt. Ltd. 2. Filmedia Communication Systems Pvt. Ltd.	Nil
Dr. S. B. Chandalia Chemical Engineer, Ph.D in Tech.	05.02.2008	He has expertise in the field of chemical process development and design.	Nil	Nil

### 9. Voting through Electronic means

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL):



The instructions for e-voting are as under:

- (i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li><li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li></ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"><li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the <b>number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li></ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for choosing Pentokey Organy (India) Limited, name of Company.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

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- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- II. The voting period begins on 7th August, 2014 (9.00 am) and ends on 9th August, 2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 11th July 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- III. In case you have any queries or issues regarding e-voting, you may refer the "Frequently Asked Questions" (FAQs) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- IV. Mr. Kartik Shah, proprietor of M/s. KS and Associates, Company Secretaries (Membership No. 5732) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- V. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Board.
- VI. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.pentokey.com](http://www.pentokey.com).

### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

#### **Item No. 4:**

Shri Devendra J. Shrimanker is a Non-Executive Independent Director of the Company. He holds a Bachelors Degree in Commerce and is a Member of the Institute of Chartered Accountants of India. He is on Board of the Company since 5th February, 2008.

Shri Shrimanker is the Chairman of the Stakeholders Relationship Committee and Audit Committee and a member of Nomination and Remuneration Committee of the Board of Directors of the Company.

He has through his valuable knowledge in the field of finance, taxation, auditing and other related fields played a vital role in a ensuring that Company's financial statements present 'true and fair view' of the Company. He motivates the Company to systematically maintain the Books of Account and adhere to highest ethical and governance standards.

Shri Shrimanker is a Director in Palomino Risk Consulting Private Limited and Shrimanker Securities Pvt. Ltd. and a Partner in M/s. A. J. Shah & Co. Chartered Accountants.

Shri Shrimanker does not hold by himself or for any other person on a beneficial basis, any shares in the Company.



In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Shrimanker has proposed to be appointed as an Independent Director for a term upto five consecutive years. As required under Section 160 of the Companies Act, 2013, a notice has been received from a member of the Company along with requisite deposit, proposing Shri Shrimanker as a candidate for the office of the Independent Director of the Company.

In the opinion of the Board, Shri Shrimanker fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Company has received a Declaration of Independence under Section 149(7) of the Companies Act, 2013. Copy of the draft letter for appointment of Shri Shrimanker as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail his guidance and expertise. Accordingly, the Board recommends the resolution for appointment of Shri Shrimanker as an Independent Director, for the approval of the shareholders of the Company.

Except Shri Shrimanker, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

**Item No. 5:**

Shri Shyam C. Balsekar is a Non-Executive Independent Director of the Company. He holds a degree in B. E. (Electronics) and Diploma in Business Management and has experience in the field of Electronics and Renewable energy. He is on Board of the Company since 29th August, 2008.

Shri Balsekar is the Chairman of the Nomination and Remuneration Committee, Member of Audit Committee and Stakeholders Relationship Committee of the Board of Directors of the Company.

Shri Balsekar is a Director in Linear Environment and Safety Technology Private Ltd. and Filmedia Communication Systems Private Limited.

Shri Balsekar does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Shri Balsekar is a Director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Shri Balsekar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term upto five consecutive years. As required under Section 160 of the Companies Act, 2013, a notice has been received from a member of the Company along with requisite deposit, proposing Shri Balsekar as a candidate for the office of the Independent Director of the Company.

In the opinion of the Board, Shri Balsekar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Company has received a Declaration of Independence under Section 149(7) of the Companies Act, 2013. Copy of the draft letter for appointment of Shri Balsekar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail guidance and expertise of Shri Balsekar as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Balsekar as an Independent Director, for the approval of the Shareholders of the Company.

Except Shri Balsekar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

**Item No. 6:**

Section 108 of Companies Act, 2013 provides that a member may exercise his vote through electronic means. In order to provide such facility to the members of your Company, the new article is proposed to be inserted in Articles of Association. Hence the amendment read to be new Article 115 c) as contained in Resolution No. 6 is proposed for Shareholders approval.

The Board of Directors of your company accordingly recommends the resolution for your approval as Special Resolution.



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None of the Directors, Key Managerial Personnel or their relatives is interested or concerned in the said resolution.

### Item No. 7:

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the Related Parties and the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, require that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up share capital of ₹ Ten crores or more or the transaction value to be entered into with related party exceeds the limits as mentioned in the Companies (Meetings of Board and its Powers) Rules, 2014, the prior approval of Shareholders by way of special resolution is required:

- a) Sale, purchase or supply of any goods or materials.
- b) Selling or otherwise disposing of, or buying, property of any kind,
- c) Leasing of property of any kind
- d) Availing or rendering of any services
- e) Appointment of any agent for purchase or sale of goods, materials, services or property
- f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
- g) Underwriting the subscription of any securities or derivatives thereof, of the Company

Further, third proviso to Section 188 (1) provides that nothing shall apply to any transactions entered into by the company in its ordinary course of business other than transactions which are not on an arm's length basis.

In light of above provisions the Board of Directors has approved the proposed transactions alongwith the annual limits that the Company may enter with related parties.

Below mentioned are the details required u/s 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 for members' perusal:

(₹ in Lacs)

Particulars Of Transactions For The Purpose Of Approval U/S 188 Of The Companies Act, 2013				
Maximum Amount of Contract/Transaction (per annum)				
Transaction as mention u/s 188 (1) of Companies Act, 2013				
Name and Nature of Relationship with Related Parties	Sale, purchase or supply of goods or materials		Leasing of property of any kind	Availing or rendering of any services
	Sale	Purchase		
Somaiya Properties and Investments Pvt. Ltd. (erstwhile The Godavari Sugar Mills Pvt. Ltd.) - Common Director	-	-	5.00	-
K.J Somaiya and Sons Pvt. Ltd. - Associate Company	-	-	-	25.00
Godavari Biorefineries Ltd. - One of the Promoter Company (holding 0.40% of the total shareholding) and Associate Company	1,000.00	2,500.00	-	-
The Book Centre Ltd.	-	20.00	-	-



1. Name of the related party and Nature of relationship: As provided in the table above.
2. Nature, duration, particulars of the contract or arrangement
  - a) The Company has obtained the consent of Board of Directors vide its meeting held on 13th February, 2013 for occupying the premises for business purpose and executed a Leave and License agreement with The Godavari Sugar Mills Private Limited (now Somaiya Properties and Investments Private Limited) for a period of three years from 1st April 2013 to 31st March, 2016. License fee is ₹120 per sq. ft. p.m. plus applicable Service Tax for 300 sq ft.
  - b) The Company has entered into an agreement of License to use Trademark with K. J. Somaiya and Sons Private Limited, who owns a trademark "Somaiya" w.e.f 1st April, 2013 for a period of three years. The license fee is 0.1% of the Company's revenue upto ₹ 1000 crores.
  - c) The Company has been purchasing chemicals and supplying chemicals to Godavari Biorefineries Limited, an Associate Company. The Company's policy is to obtain the quotations from various suppliers and then choosing out of them, the most suitable one. The Company will purchase as and when the need arises. The members' consent is to be obtained for the above purpose.
  - d) The Company has been purchasing stationery and getting the printing and art work done in regards to Annual Report, Letter heads and paper stationery items from The Book Centre Ltd. The Company's policy is to obtain the quotations from various vendors and then choosing out of them, the most suitable one. The Company will purchase as and when the need arises. The members' consent is to be obtained for the above purpose.
3. Material terms of the contract or arrangement including the value, if any: As referred in point (2) above.
4. Any advance paid or received for the contract or arrangement, if any: Nil
5. Manner of determining the pricing and other commercial terms both included as part of contract and not considered as part of the contract: All proposed transactions would be carried on as a part of the business requirements of the Company and are ensured to be on arm's length basis. Further, the Company is also subject to domestic transfer pricing norms.
6. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors: All the factors have been considered.
7. Any other information relevant or important for the Board to take decision on the proposed transaction : Nil

Members are hereby informed that no member of the Company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

The Board of Directors at its meeting held on 29th May, 2014 has approved the item and recommends this Resolution for approval of members of the Company as special resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or in any way interested in this resolution.

**Item No. 8:**

As per the provisions of Section 180 (1) (c) of Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, through a Special Resolution borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and the free reserves of the Company, that is to say, reserve not set apart for any specific purpose.

Presently, Company is permitted to borrow up to ₹ 50 crore (Rupees Fifty crore) apart from temporary loans obtained/to be obtained from the bankers in the ordinary course of business, as approved by the Shareholders in their Extra Ordinary General Meeting held on 5th December, 2012.

Whilst no increase in the said limits, the Resolution set out at item no. 9 of the notice is put forth for consideration of the members pursuant to the provisions of Section 180 (1) (c) of Companies Act, 2013 to enable the Directors to borrow up to a sum of ₹ 50 crores (Rupees Fifty crores).

The Board of Directors has vide its resolution passed at its meeting held on 29th May, 2014 unanimously authorised as stated above.



The Board of Directors recommends this resolution for approval of the members.

None of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or in any way interested in this resolution.

### **Item No. 9:**

Section 148(2) of the Companies Act, 2013 provides that if the Central Government is of the opinion that it is necessary to do so, it may, by Order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) and which has a net worth of such amount as may be prescribed, shall be conducted in the manner specified in the Order.

The said Section 148(2) has been notified by the Ministry of Corporate Affairs and has been made effective from 1st April, 2014, however so far, no Rules or Orders have been notified in this regard. The Company was covered under the Cost Audit Rules under the provisions of the Companies Act, 1956 and Orders issued thereunder.

Based on the recommendation of the Audit Committee, the Board of Directors thought it expedient to appoint M/s. B. J. D. Nanabhoy & Co., as Cost Auditor for Cost Audit of its product Chemical for the financial year 1st April, 2014 to 31st March, 2015 on a remuneration of ₹ 30,000/- and reimbursement of travelling and other out of pocket expenses incurred for the purpose of audit plus service tax as applicable subject to approval of remuneration by the Members. Section 148(3) read with The Companies (Audit and Auditors) Rules, 2014 prescribes that the remuneration of the Cost Auditor shall be approved by the Shareholders. Accordingly, this Ordinary Resolution is proposed for approval of the Members.

The Board of Directors of your company accordingly recommends the resolution for your approval as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are concerned or in any way interested in this resolution.

### **Item No. 10:**

Shri S. Mohan was appointed as Whole time Director of the Company for term of three years with effect from 5th August, 2013 to 4th August, 2016. His appointment and remuneration payable to him was approved by the shareholders at the Annual General Meeting of the Company held on 13th August, 2013 in accordance with provisions of Section-II to PART-II of Schedule-XIII to the Companies Act, 1956 (erstwhile Act).

The present remuneration being paid to Shri S. Mohan is within the limits prescribed under Section-II to PART-II of Schedule-V to the Companies Act, 2013. However, in the Financial Year 2013-14 the Company has incurred a loss, hence an approval of shareholders vide a Special Resolution is required to be obtained, as the aforesaid provisions requires some disclosures to be made to the Shareholders, which are set out herein below.

The annual revision of remuneration will be subject to consideration of Nomination and Remuneration Committee and Board of Directors in their meeting.

Terms and conditions as approved by the shareholders in an Annual General Meeting held on 13th August, 2013 are reproduced herein below:

1. Basic Salary : ₹ 1,22,300/- p.m. with annual increase of maximum 25%
2. Bonus : 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 is 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 use on Company's business 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.



The remuneration is as per the prevailing trends in the industry and commensurate with the responsibilities entrusted on him.

Necessary disclosures as required pursuant to SECTION-II to PART-II of Schedule-V to the Companies Act, 2013 are as follows:

1. The above terms have been approved by the Resolution passed by the Remuneration Committee and the Board of Directors at their respective meetings held on 29th May, 2014.
2. The Company has not defaulted in repayment of any of its Debts or Debentures or Interest payable thereon.
3. The Resolution proposed above is a Special Resolution.

**I. General Information**

1. Nature of Industry:

The Company is engaged in the business of manufacturing of Chemicals.

2. Date of Commencement of Commercial Production:

The Company incorporated in the year 1986 and since then the commercial production has been started.

3. In case of new Companies, expected date of Commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.

4. Financial Performance based on given indicators:

(₹ in Lacs)

Sr. No.	Particulars	2012-13	2011-12	2010-11
1.	Gross Income	11,538.07	9,730.23	6,123.82
2.	Net Profit after tax	391.41	285.51	268.00
3.	Dividend paid	62.73	56.34	-
4.	Rate of Dividend %	10%	10%	-

5. Foreign Investments or Collaborations, if any.

Company has no investments outside India.

**II. Information about the Appointee:****Background details:**

Shri S. Mohan is Bachelor of Science. He carries more than 32 years of rich experience in major Alcohol based industries. He is currently working as Director (Works). He is an occupier under Factories Act.

**Past Remuneration:**

Shri S. Mohan is a Whole-time Director designated as Director (Works) of the Company. He has been re-appointed as a Director (Works) w.e.f. 5th August, 2013.

(₹ in Lacs)

Financial year	2012-13	2011-12	2010-11
Past Remunerations	21.61	12.53	7.45

**Recognition or awards:**

Under his leadership the Company has achieved the milestone Turnover of above ₹ 100 crores.

**Job profiles and his suitability:**

Shri S. Mohan is a Whole-time Director of the Company. He has a wide industrial experience and knowledge in the field of chemical industry. He is also in charge of the operations of the factory.



**Remuneration proposed:**

The terms of remuneration proposed are detailed in the resolution and the explanatory statement attached thereto.

Comparative Remuneration with respect to Industry, size of the Company etc. is not possible to be compiled, as it is difficult to call and compile information from such industries. In this regard the Board is of the opinion that the proposed remuneration is proper and commensurate with his qualifications, experience and responsibility and below par with the industry levels of similar size as compared to the remuneration paid to the Whole-time Director and is not detrimental to the interest of either the Company or its Stakeholders.

Pecuniary relationship directly/ indirectly with the Company or managerial personnel, if any :

Shri S. Mohan has no pecuniary relationship directly/indirectly with the Company or managerial personnel other than his remuneration in the capacity of a Director (Works) of the Company.

**III. OTHER INFORMATION**

1. Reasons of loss or inadequate profit:

Chemical Industry in India is subject to steep spurts or declines in output. The production and stock levels, in turn, have a bearing on its prices. Due to high raw material prices and fuel prices being more than the selling prices the Company is incurring losses.

2. Step taken or proposed to be taken for improvement:

The Company is well integrated in the production of Chemical. The idea is to focus on one's core competency and on business segment where competitive advantage exists. Likewise, the focus must be on improving the product and production processes by investing in technology development. Such a step will enable to not only build its expertise in a chosen field but also will lead to cut down in production costs.

High raw material cost, competitive market for the finished product and interest cost are posing a threat. Thus, the thrust is on improving the logistics arrangement and working capital management to avail competitive advantage of procurement of raw material, funds at a reasonable cost and better export realisation for the sustained growth and development.

3. Expected increase in productivity and profit in measurable terms:

Focused growth and planning would enhance our global competitiveness further, increase domestic value addition, provide technological depth and promote sustained economic growth.

**IV. DISCLOSURES :**

Necessary disclosures in respect of managerial remuneration shall be made in the Directors' Report under the heading "Corporate Governance" attached to the financial statement. The Boards recommends the resolution to be passed by the Shareholders.

Shri S. Mohan, Director (Works) of the Company is concerned or interested in the resolution.

The Explanatory Statement along with the notice is and shall be deemed to be an abstract of the terms and memorandum of interest under Section 190 of the Companies Act, 2013.

**Registered Office:**

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

For and on behalf of the Board of Directors

**S. Mohan**  
Whole-time Director

Place : Mumbai

Date : 29th May, 2014

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Twenty-Seventh Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2014.

**1. FINANCIAL HIGHLIGHTS**

The financial performance of the Company for the financial year ended 31st March, 2014 is summarised below: -

(₹ in Lacs)

Particulars	Financial Year	Financial Year
	2013-14	2012-13
Gross Income	12,389.14	11,538.07
Profit/(Loss) before Interest and Depreciation	181.93	774.07
Less: Interest	314.95	264.39
Profit/(Loss) before Depreciation	(133.02)	509.68
Less: Depreciation	79.39	118.27
Profit/(Loss) for the year	(212.41)	391.41
Less : Taxes / (Benefits)	-	-
Net Profit/(Loss) for the year after Tax	(212.41)	391.41

**Financial performance:**

Your Company's Gross income has been increased by 7.38% to ₹ 12,389.14 lacs as against the Gross income of ₹ 11,538.07 lacs in the corresponding previous year. The Company has posted a profit of ₹ 181.93 lacs before Interest and Depreciation as compared to ₹ 774.07 lacs in the corresponding previous year. The Company incurred Net Loss of ₹ 212.41 lacs during the year as against profit of ₹ 391.41 lacs. The reason for the loss is mainly the increase in raw material cost and poor realisation of the finished Product Ethyl Acetate. The Company is looking out for avenues to increase the production capacity and exploring opportunities to obtain the raw material at cheaper rates.

**2. DIVIDEND**

Your Directors do not recommend any Dividend for the year.

**3. FIXED DEPOSITS**

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

**4. DIRECTORS**

Shri Rajendra V. Shah has resigned from the Board of Directors of the Company with effect from 29th May, 2014 due to his preoccupation. The Board placed on record the valuable services rendered by him to the Company during his tenure on the Board of the Company.

Dr. Sampatraj B. Chandalia retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment as a Non-Executive Director. The Board of Directors recommends his re-appointment.

## PENTOKEY ORGANY (INDIA) LIMITED



The Companies Act, 2013 provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 provides that Independent Directors shall hold office for a term of up to five consecutive years on the Board of the a Company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company.

Sub-section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years. Sub- section (13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such Independent Directors.

Shri Devendra J. Shrimanker, Non- Executive Independent Director, in accordance with above said provisions, is required to be appointed for a term of five consecutive years and shall not be liable to retire by rotation. His appointment be considered by the shareholders for for a term upto five consecutive years.

Shri Shyam C. Balsekar, Non- Executive Independent Director whose period of Office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956, being eligible and seeking re-appointment, be considered by the shareholders for re-appointment for a term upto five consecutive years.

The Company has received consent from the directors to be appointed as independent directors for a consecutive term of five years. Declaration of Independence as per section 149(7) is also received from the said directors. Notice under Section 160 of the Companies Act, 2013 have been received from Members proposing their candidatures as an Independent Directors of the Company.

Your directors recommend appointment of Shri Devendra J. Shrimanker and Shri Shyam C. Balsekar as Independent Directors of the Company.

### 5. 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 for a term of four consecutive years from the financial year 2014-15.

The Company has received a written consent to such appointment, certificate that appointment if made shall be in accordance with the conditions as prescribed and that they satisfies the criteria as provided in section 141 of the Companies Act, 2013.

### 6. 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'. The Cost Auditors are retiring at the ensuing Annual General Meeting and offer themselves for re-appointment till the conclusion of the next Annual General Meeting of the Company. The Company has received a written consent from M/s. B.J.D. Nanabhoy & Co., Cost accountants to such appointment, certificate that appointment if made shall be in accordance with the conditions as prescribed and that they satisfies the criteria as provided in section 141 of the Companies Act, 2013. For the year 2013-14, the Cost Audit Report will be filed in due course, before the due date.

### 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. 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.



## 9. INDUSTRIAL RELATIONS

The Company maintains harmonious and cordial relations with its workers and staff, 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 alongwith the Compliance Certificate from the Auditors is annexed hereto and forms part of this Report.

## 13. CONSERVATION OF ENERGY & 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

During the year under review, prices of raw material namely Acetic Acid & Alcohol were volatile. The price fluctuation in Acetic Acid was further aggravated due to foreign exchange fluctuations. The increase in the cost of raw material was not fully absorbed in the price of our finished product namely Ethyl Acetate due to slowdown in demand in the user industry in domestic & international market and also because of surplus production capacity of Ethyl Acetate within India. The Domestic market for Ethyl Acetate continued to grow at a moderate rate of 4%. With consistent quality and wider customer base across the user industries, your company has been able to maintain production level inspite of the industry slowdown and other various challenges posed in the market.

### 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.

With a view to reduce our dependence on one product namely Ethyl Acetate, we are exploring possibilities of producing other chemical derivatives using Acetaldehyde as feedstock as well as entering into new product.



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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

The Company operates only in one Business segment i.e. Chemicals. 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 market prices due to improved production of Sugar and Ethanol within the State of Maharashtra.

Your Company maintained its production capacity to 24000 TPA. Ethyl Acetate production was marginally lower at 22,008 MT for 2013-14 as against 22,644 MT in FY 2012-13 due to adverse market scenario. The Company has sustained the production equivalent to last year even in sluggish markets, economic slowdown and political uncertainties.

The Turnover increased by over 7.38% during the year reaching it to ₹ 12337 Lacs with EBITA margins of 102.54 Lacs. We could maintain the production during current year at the same level of last year due to increase in exports by almost 102 % over previous year. This was possible because of consistent quality and good customer base in the international market.

### Risks and Concerns

In view of the Government of India's mandatory policy 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 up the feedstock prices. To mitigate the risk of increased raw material cost and to get the benefit of depreciation of Rupee, the Company has increased its exports from 22% of turnover in the previous year to 42% of the turnover in the current year.

### 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 commitment and 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 devoted 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.



## 27TH ANNUAL REPORT 2013-2014

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Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders, 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

**Devendra J. Shrimanker**

Director

Place : Mumbai

Date : 29th May, 2014



**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, 2014.

**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.

	<b>CURRENT YEAR 2013-14</b>	<b>PREVIOUS YEAR 2012-13</b>
<b>A. POWER AND FUEL CONSUMPTION</b>		
1. Electricity:		
(a) Purchased		
Units (KWH) (in Thousands)	2,254	2,361
Total Amounts (₹ in Lacs)	168.11	182.15
Rate/ Unit (₹)	7.46	7.72
(b) Own Generation		
Through Turbine	-	-
Units (KWH) (in Thousands)	-	-
2. Coal:		
Quantity (MT)	12,239	11,133
Total Cost (₹ in Lacs)	556.29	537.58
Average Rate (₹ per kg)	4.55	4.83
3. Furnace Oil:		
Quantity (MT)	0.300	3.400
Total Cost (₹ in Lacs)	0.11	1.26
Average Rate (₹ per kg)	36.95	36.95
4. Light Diesel Oil	NIL	NIL
5. Other/ Internal generation	NIL	NIL



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	CURRENT YEAR 2013-14	PREVIOUS YEAR 2012-13
<b>B. CONSUMPTION PER UNIT PRODUCTION</b>		
1. Electricity (Unit)		
Acetaldehyde	231	282
Ethyl Acetate	98	101
2. Furnace Oil (Kgs.)		
Acetaldehyde	-	11
Ethyl Acetate	-	-
3. Coal (Kgs.)		
Acetaldehyde	567	529
Ethyl Acetate	545	486

### 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	2013-14	2012-13
Earning	5,229.45	2,583.86
Outgo	1,418.89	941.16

For and on behalf of the Board of Directors

**S. Mohan**

Whole-time Director

**Devendra J. Shrimanker**

Director

Place : Mumbai

Date : 29th May, 2014



**CORPORATE GOVERNANCE**

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

Pentokey Organy (India) Limited's ("Company") Governance philosophy is based on trusteeship, transparency, accountability and ethical corporate citizenship. 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, Non-Executive Independent Directors and Independent Directors as required under applicable legislation. The Chairman of the Board is a Non-Executive Director. As on date of this report, the Board comprises of five Directors, out of which two 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 2013-14 the Board of Directors has met four times on the following dates: 23rd May, 2013; 13th August, 2013; 13th November, 2013 and 12th February, 2014. 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.

**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 2013-14 as well as at the last Annual General Meeting and 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 13.08.2013	In Listed Companies	In Unlisted Public Ltd Companies	Chairman	Member
Shri Rajendra V. Shah	Promoter, Chairman (upto 29.05.2014)	4	Yes	1	-	-	-
Dr. Sampatraj B. Chandalia	Non-Executive	3	No	-	-	-	-
Shri Devendra J. Shrimanker	Non-Executive, Independent	4	Yes	-	-	2	3
Shri Girish M. Kajaria	Non-Executive	3	Yes	-	-	-	1
Shri Shyam C. Balsekar	Non-Executive, Independent	3	Yes	-	-	1	2
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. A Code of Conduct is also posted on the website of the Company.

## **(II) AUDIT COMMITTEE**

### **Composition**

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process.

The composition, quorum, powers, role, scope, etc. are in accordance with Section 117 of the Companies Act, 2013 and Section 292A of the erstwhile Companies Act, 1956, read with the provisions of Clause 49 of the Listing Agreement(s) with the Stock Exchange(s). The Audit Committee of the Company comprises of three Directors as members out of which two are Independent Directors. All the members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. Shri Devendra J. Shrimanker, Chartered Accountant is the Chairman of the Audit Committee. The Members of the Audit Committee are Shri S. Mohan and Shri Shyam C. Balsekar (replaced Dr. Sampatraj B. Chandalia w.e.f 29th May, 2014)

The Company Secretary, Ms. Swarna Gunware 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 the Companies Act, 2013 (and erstwhile Companies Act, 1956) and the Listing Agreement.

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. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Compliance with Listing and other legal requirements relating to financial statements.



8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
11. Valuation of undertakings or assets of the company, wherever it is necessary;
12. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of Internal Control Systems and recommending improvements to the management.
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
15. Discussion with Internal Auditor on any significant findings and follow-up thereon.
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism;
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
21. To review the financial statements of the subsidiary companies including the investments made by the unlisted subsidiary companies;
22. 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 2013-14, i.e. on 23rd May, 2013, 13th August, 2013, 13th November, 2013 and 12th February, 2014. The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 13th August, 2013. 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**

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

#### **(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.

##### **Nomination and Remuneration Committee**

Pursuant to provisions of the Companies Act, 2013, the Remuneration Committee has been re-constituted as Nomination



and Remuneration Committee. Shri Shyam C. Balsekar, Non- Executive Independent Director is the Chairman of the Committee. Shri Devendra J. Shrimanker, Non- Executive Independent Director and Shri Girish M. Kajaria, Non - Executive Director are the other Members of the Committee.

**Terms of Reference:**

1. Identify the persons who are qualified to become directors and who may be appointed in senior management and recommend to the Board their appointment and removal.
2. To carry out evaluation of every director's performance including independent directors and formulate the criteria for overall evaluation of Independent Directors & the Board of Directors.
3. Devise a policy on Board diversity.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

While formulating the policy, it should ensure that:

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- iii. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Meeting of this committee are held only when required. The details of attendance of the members of Nomination and Remuneration Committee is as follows:

Sr. No.	Date of Meeting	Attendance of Directors		
		Shri Shyam C. Balsekar	Shri Devendra J. Shrimanker	Shri Girish M. Kajaria
1.	23rd May, 2013	No	Yes	Yes

**Remuneration of Directors**

The remuneration paid to the Whole-time Director is within the ceiling as per resolution approved by the shareholders.

- a. Details of the remuneration paid to the Whole-time Director for the Financial Year ended 31st March, 2014 is given below:-

Name of the Director	Category	Salary (Amount in ₹)
Shri S. Mohan	Whole-time Director	22,50,837

- b. Details of Sitting Fees paid to the Non - Executive Directors for the Financial Year ended 31st March, 2014 is given below: -

Non - Executive Directors	Sitting Fees (Amount in ₹)
1. Shri Rajendra V. Shah	20,000
2. Dr. Sampatraj B. Chandalia	30,000
3. Shri Devendra J. Shrimanker	72,500
4. Shri Girish M. Kajaria	20,000
5. Shri Shyam C. Balsekar	15,000

**Stakeholders Relationship Committee**

Pursuant to the provisions of the Companies Act, 2013, the Shareholders' Grievances Committee has been re-constituted as Stakeholders Relationship Committee.



## PENTOKEY ORGANY (INDIA) LIMITED



The Committee comprises of three Directors viz. Shri Devendra J. Shrimanker, Chairman of the Committee, Shri Shyam C. Balsekar, Shri S. Mohan and Shri Naresh S. Khetan, Authorised Signatory.

During the year the Committee met eleven times i.e. on 8th April, 2013, 22nd April, 2013, 29th April, 2013, 26th July, 2013, 22nd October, 2013, 30th October, 2013, 20th January, 2014, 20th February, 2014, 3rd March, 2014, 10th March, 2014 and 29th March, 2014.

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, 2014.

### (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
2012-13	Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020	AGM	Tuesday, the 13th August, 2013	5.00 p.m.	-
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.	-

### Special Resolution passed through Postal Ballot

The Board in its meeting held on 29th May, 2014 has decided to transact the special business in regards to Creation of the Charge on Company's property under Section 180 (1)(a) of the Companies Act, 2013 through Postal Ballot. Pursuant to Section 110 and other applicable provisions of the Companies Act, 2013, (the "Act") if any, read together with the Companies (Management and Administration) Rules, 2014 the said resolution is to be proposed to be passed as Special Resolutions by way of Postal Ballot/ e-Voting. The Board of Directors has appointed Mr. Kartik Shah, Practicing Company Secretary as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

### (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](http://www.pentokey.com) in a user friendly and downloadable manner.

**(VIII) GENERAL SHAREHOLDER INFORMATION****Annual General Meeting**

Day, Date and Time	:	Wednesday, the 13th August, 2014 at 5.00 p.m.
Venue	:	Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai- 400 020
Financial Year	:	1st April, 2013 to 31st March, 2014
Date of Book Closure	:	Thursday, 7th August, 2014 to Wednesday, 13th August, 2014 (both days inclusive)
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

**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, 2013	19.00	14.55	23
May, 2013	14.58	12.60	15
June, 2013	14.00	13.32	11
July, 2013	14.64	10.46	30
August, 2013	11.60	8.75	16
September, 2013	13.33	8.36	41
October, 2013	15.39	13.99	23
November, 2013	14.59	13.42	14
December, 2013	14.25	12.50	9
January, 2014	16.98	13.12	87
February, 2014	15.45	11.00	28
March, 2014	11.08	8.70	78

(Source: BSE website)

**Registrar and Transfer Agents:** Datamatics Financial Services Ltd  
Plot No. B-5, Part B  
Cross Lane, MIDC, 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 days from the date of receipt, subject to the document being valid and complete in all respects.

## PENTOKEY ORGANY (INDIA) LIMITED



### Distribution of Shareholding

No. of Equity Shares held From - To	Shares		Shareholders	
	No.	%	No.	%
1- 500	990377	15.79	18124	99.04
501-1000	60320	0.96	83	0.45
1001-2000	60384	0.96	42	0.23
2001-3000	28643	0.46	12	0.07
3001-4000	41432	0.66	12	0.07
4001-5000	12918	0.21	3	0.02
5001-10000	62455	1.00	8	0.04
10001-50000	167345	2.66	9	0.05
50001 and above	4848755	77.30	6	0.03
<b>TOTAL</b>	<b>6272629</b>	<b>100.00</b>	<b>18299</b>	<b>100.00</b>
Physical Mode	1054316	16.81	1158	6.33
Electronic Mode:				
NSDL	5096775	81.25	509	2.78
CDSL	121538	1.94	16632	90.89
<b>TOTAL</b>	<b>6272629</b>	<b>100.00</b>	<b>18299</b>	<b>100.00</b>

### Shareholding pattern

Categories of Shareholders	As on 31st March, 2014		As on 31st March, 2013	
	No. of Shares	% to Total Capital	No. of Shares	% to Total Capital
Promoters and persons acting in concert (Including Directors and Relatives)	46,86,248	74.71	46,86,373	74.71
Foreign Institutional Investors	-	-	-	-
Public Financial Institutions	1,40,817	2.24	1,40,817	2.24
Mutual funds	4,000	0.06	4,000	0.06
Nationalized and Other Banks	-	-	-	-
Private Corporate Bodies	26,909	0.43	41,686	0.66
NRIs and OCBs	-	-	-	-
Individual holding nominal capital upto ₹ 1 Lacs	11,87,245	18.93	11,72,343	18.70
Others (Public)	2,27,410	3.63	2,27,410	3.63
<b>Total</b>	<b>62,72,629</b>	<b>100.00</b>	<b>62,72,629</b>	<b>100.00</b>

### 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](http://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, 2014.

**For Pentokey Organy (India) Ltd.**

**S. Mohan**

Whole-time Director

Place : Mumbai

Date : 29th May, 2014

## PENTOKEY ORGANY (INDIA) LIMITED



### 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, 2014 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.

**For Pentokey Organy (India) Ltd.**

**S. Mohan**

Whole-time Director

Place : Mumbai

Date : 29th May, 2014

### Certificate Of Compliance From Auditors As Stipulated Under Clause 49 Of The Listing Agreement With The Stock Exchange In India

#### Auditor's Certificate on Corporate Governance

To the Members

#### Pentokey Organy (India) Limited

We have examined compliance of the conditions of Corporate Governance by **Pentokey Organy (India) Limited** ('the Company') as stipulated in Clause 49 of the Listing Agreement entered into, with the Stock Exchanges for the year ended on 31st March, 2014.

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.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and the management, we certify that the Company has complied with the conditions of

Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We 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 : 29th May, 2014



## Independent 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 March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then 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 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) 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, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control. 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 March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the loss 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 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) of the Act;
- e) On the basis of written representations received from the Directors as on March 31, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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: 29th May, 2014

**Alok K. Saksena**  
Partner  
Membership No: 35170

**Annexure to Independent 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 the 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 was 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 explanation given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms or other parties listed in the Register maintained under section 301 of Companies Act, 1956. As the Company has not taken any loans, secured or unsecured from parties listed in the Register mentioned under section 301 of Companies Act, 1956, paragraphs (iii) (f) and (g) of the order are not applicable.
- 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 was no contract or arrangement 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. According to information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were in arrears as at 31st March 2014 for a period more than six months from the date of becoming payable, other than Minimum Alternative Tax (MAT).  
Board for Industrial and Financial Reconstruction (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.
- (b) According to the explanation given to us, the disputed statutory dues aggregating ₹ 394.74 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 dues	2004-2005	Joint Commissioner of Sales Tax (Appeal)	85.48
5	Central Excise Act, 1944	Penalty	2008-09 to 2010-11	Commissioner of Central Excise - Pune	4.25
				<b>Total</b>	<b>394.74</b>

- x. The Company does not have accumulated losses as at the end of the financial year. The Company has incurred cash losses during the financial year covered by the audit. The Company has not incurred cash losses during 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: 29th May, 2014

**Alok K. Saksena**  
Partner  
Membership No: 35170



## 27TH ANNUAL REPORT 2013-2014

### BALANCE SHEET AS AT 31ST MARCH, 2014

₹ in Lacs

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholder's Fund</b>			
a) Share Capital	2	627.26	627.26
b) Reserves and Surplus	3	<u>322.67</u>	<u>535.08</u>
		949.93	1,162.34
<b>2 Non-current Liabilities</b>			
a) Long-term Borrowings	4	1,001.82	1,203.40
b) Long-term Provisions	5	<u>35.75</u>	<u>30.33</u>
		1,037.57	1,233.73
<b>3 Current Liabilities</b>			
a) Short-term Borrowings	6	1,383.82	1,029.04
b) Trade Payables	7	1,310.37	1,428.46
c) Other Current Liabilities	8	442.50	356.95
d) Short-term Provisions	9	<u>4.44</u>	<u>73.50</u>
		3,141.13	2,887.95
<b>TOTAL</b>		<b><u>5,128.63</u></b>	<b><u>5,284.02</u></b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
a) Fixed Assets	10		
(i) Tangible Assets		992.58	1,046.72
(ii) Intangible Assets		0.08	0.15
(iii) Capital Work-in-progress		<u>8.51</u>	<u>3.60</u>
		1,001.17	1,050.47
b) Non-current Investments	11	0.06	0.06
c) Deferred Tax Assets (Net)	12	163.85	163.85
d) Long-term Loans and Advances	13	<u>729.21</u>	<u>538.07</u>
		1,894.29	1,752.45
<b>2 Current Assets</b>			
a) Inventories	14	1,296.29	1,187.25
b) Trade Receivables	15	1,005.04	733.58
c) Cash and Bank Balance	16	270.45	96.58
d) Short-term Loans and Advances	17	661.04	1,513.27
e) Other Current Assets	18	<u>1.52</u>	<u>0.89</u>
		3,234.34	3,531.57
<b>TOTAL</b>		<b><u>5,128.63</u></b>	<b><u>5,284.02</u></b>
Significant Accounting Policies and Notes to Accounts	1 to 38		

#### As per our report of even date attached

**For Desai Saksena & Associates**  
Chartered Accountants

**Alok K. Saksena**  
Partner  
M.N.35170

Place : Mumbai  
Date : 29th May, 2014

#### For and on behalf of the Board of Directors

**S. Mohan**  
Whole-time Director

Place : Mumbai  
Date : 29th May, 2014

**Devendra J. Shrimanker**  
Director

**Swarna Gunware**  
Company Secretary

**Girish M. Kajaria**  
Director

# PENTOKEY ORGANY (INDIA) LIMITED



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lacs

Particulars	Note No.	Year Ended 31st March, 2014	Year Ended 31st March, 2013
1 Revenue From Operations (Gross)	19	13,105.63	12,560.93
Less: Excise Duty		768.51	1,045.61
		<u>12,337.12</u>	<u>11,515.32</u>
2 Other Income	20	52.02	22.75
<b>3 Total Revenue (1+2)</b>		<b><u>12,389.14</u></b>	<b><u>11,538.07</u></b>
<b>4 Expenses</b>			
a) Cost of Materials Consumed	21	10,186.73	9,353.55
b) Changes in Inventories of Finished Goods, Work-in-process	22	(271.08)	(250.51)
c) Employee Benefits Expense	23	264.18	228.14
d) Finance Costs	24	314.95	264.39
e) Depreciation and Amortisation Expense	10	79.39	118.27
f) Other Expenses	25	2,027.38	1,432.82
<b>Total Expenses</b>		<b><u>12,601.55</u></b>	<b><u>11,146.66</u></b>
<b>5 Profit / (Loss) before Tax</b>		<b>(212.41)</b>	<b>391.41</b>
<b>6 Tax Expense:</b>			
Current Tax Expense (Refer to the Note 33)		-	-
		<u>-</u>	<u>-</u>
<b>7 Profit / (Loss) for the Year</b>		<b><u>(212.41)</u></b>	<b><u>391.41</u></b>
<b>8 Earnings Per Equity Share of face value ₹ 10/-</b>			
Basic		(3.39)	6.73
Diluted		(3.39)	6.73

Significant Accounting Policies and Notes to Accounts 1 to 38

### As per our report of even date attached

**For Desai Saksena & Associates**  
Chartered Accountants

**Alok K. Saksena**  
Partner

M.N.35170

Place : Mumbai

Date : 29th May, 2014

**For and on behalf of the Board of Directors**

**S. Mohan**  
Whole-time Director

Place : Mumbai  
Date : 29th May, 2014

**Devendra J. Shrimanker**  
Director

**Swarna Gunware**  
Company Secretary

**Girish M. Kajaria**  
Director



## 27TH ANNUAL REPORT 2013-2014

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

₹ in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax after Exceptional items	(212.41)	391.41
<b>Adjustment for:</b>		
Depreciation	79.39	118.27
Interest Income	(11.52)	(3.89)
Provision for Doubtful Debts	130.00	-
Dividend Income	(0.02)	(0.02)
Unrealised Foreign Currency (Gains) / Losses	24.51	(0.58)
Interest and Finance Charges	314.95	264.38
Operating Profit before Working Capital Changes	<b>324.90</b>	<b>769.57</b>
<b>Adjusted for:</b>		
Inventories	(109.03)	(508.70)
Trade Receivable	(239.33)	(571.01)
Loans and Advances	531.95	(1202.10)
Trade Payable and Other Liabilities	(209.79)	790.50
Net Cash from/(used in) Operating Activities	<b>298.70</b>	<b>(721.74)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Fixed Assets	(27.90)	(61.21)
Interest Income	10.00	3.00
Dividend Income	0.02	0.02
Cash generated from/(used in) Investing Activity	<b>(17.88)</b>	<b>(58.19)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest and Finance Charges	(316.03)	(265.06)
Proceed from Long Term Borrowings	-	2.16
Repayment of Long Term Borrowings	(87.50)	(65.62)
Acceptance/(Repayment) of Other Borrowings (Net)	239.64	1,049.69
Dividend Paid	56.94	56.34
Cash generated from/(used in) Financing Activity	<b>(106.95)</b>	<b>777.51</b>
Net Increase/(Decrease) in Cash and Cash Equivalents	<b>173.87</b>	<b>(2.42)</b>
Cash and Cash Equivalents at beginning of the year	96.58	99.00
Cash and Cash Equivalents at end of the year	270.45	96.58

#### As per our report of even date attached

For Desai Saksena & Associates

Chartered Accountants

**Alok K. Saksena**

Partner

M.N.35170

Place : Mumbai

Date : 29th May, 2014

For and on behalf of the Board of Directors

**S. Mohan**

Whole-time Director

Place : Mumbai

Date : 29th May, 2014

**Devendra J. Shrimanker**

Director

**Swarna Gunware**

Company Secretary

**Girish M. Kajaria**

Director



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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 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.



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**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**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 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.

**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, 2014	As at 31st March, 2013
<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	4,000.00	4,000.00
<b>ii Issued</b>		
62,72,629 (Previous Year 62,72,629) Equity Shares of ₹ 10/- each	627.26	627.26
<b>iii Subscribed and Paid-up</b>		
62,72,629 (Previous Year 56,34,333) Equity Shares of ₹ 10/- each	627.26	563.43
Add : Bonus Shares Issued on 19.12.2012 NIL (Previous Year - 6,38,296) Equity Shares of ₹ 10/- each	-	63.83
<b>Total Share Capital</b>	<b>627.26</b>	<b>627.26</b>

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

₹ in Lacs

Particulars	2013-14		2012-13	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares of ₹ 10/- each fully paid up :</b>				
Shares outstanding at the beginning of the year	62,72,629	627.26	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	62,72,629	627.26

#### 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 2014, the amount of per share proposed final dividend recognised as distributions to equity shareholders was Re. NIL per share ( P.Y. 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, 2014		As at 31st March, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Sakarwadi Trading Co. Pvt. Ltd.	29,45,573	46.96	27,51,218	43.86
Somaiya Agencies Pvt. Ltd.	10,00,000	15.94	10,00,000	15.94
Jasmine Trading Co. Pvt. Ltd.	6,00,000	9.57	6,00,000	9.57

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 NIL (Previous Year 6,38,296) by capitalisation of the reserves.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Note 3 : RESERVES AND SURPLUS</b>		
<b>i Capital Reserve</b>		
Capital Subsidy (SICOM)	30.00	30.00
	<b>30.00</b>	<b>30.00</b>
<b>ii General Reserves</b>		
Opening Balance	17.20	7.20
Add : Transfer during the year	-	10.00
	<b>17.20</b>	<b>17.20</b>
<b>iii Statement of Profit and Loss</b>		
Opening Balance	487.88	243.21
Add : Profit / (Loss) for the year	(212.41)	391.41
	275.47	634.62
<b>Less : Appropriations</b>		
Proposed Dividend	-	62.73
Dividend Distribution Tax	-	10.18
Transfer to General Reserves	-	10.00
	-	82.91
<b>Less : Bonus Shares</b>		
Bonus Shares	-	63.83
	<b>275.47</b>	<b>487.88</b>
<b>TOTAL</b>	<b>322.67</b>	<b>535.08</b>
<b>Note 4 : LONG TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
<b>Term Loans</b>		
i Term Loan From Bank	61.82	149.32
ii Car Loans From Bank	-	4.08
Total	61.82	153.40
<b>UNSECURED LOANS</b>		
From Related Party	790.00	900.00
From Other Parties	150.00	150.00
	<b>940.00</b>	<b>1,050.00</b>
<b>TOTAL</b>	<b>1,001.82</b>	<b>1,203.40</b>

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

**Nature of Security**

Term Loan Amounting to ₹ 149.32 Lacs (P.Y. ₹ 236.82 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, 2014	As at 31st March, 2013
<b>Note 5 : LONG TERM PROVISIONS</b>		
Provision For Gratuity	26.69	20.96
Provision For Leave Encashment	9.06	9.37
<b>TOTAL</b>	<b>35.75</b>	<b>30.33</b>
<b>Note 6 : SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Working Capital Loans from Bank	860.10	887.92
Bill Discounting with bank	-	30.12
Packing Credit	323.72	-
<b>UNSECURED LOANS</b>		
From Other Party	200.00	111.00
<b>TOTAL</b>	<b>1,383.82</b>	<b>1,029.04</b>
<b>Nature of Security</b>	<b>Terms</b>	
Working Capital Loan Fully Secured Against Hypothecation of Stocks and Book Debts	Rate of Interest Base rate + 3.00% (P.Y. Base Rate + 3.00%)	
Packing Credit Fully Secured Against Hypothecation of Stocks	Rate of Interest Base rate + 0.75% (P.Y. Base Rate + 0.75 %)	
<b>Note 7 : TRADE PAYABLES</b>		
Trade Payable	1,310.37	1,428.46
<b>TOTAL</b>	<b>1,310.37</b>	<b>1,428.46</b>
<b>Note 8 : OTHER CURRENT LIABILITIES</b>		
Current Maturities of Term Loan-Indian Overseas Bank (Refer to Note 4a)	87.50	87.50
Current Maturities of Car Loan - ICICI Bank Ltd.	4.08	5.14
Interest Accrued and Due on Loans	1.84	2.93
Unclaimed Dividend (F.Y. 2011-12)	2.78	3.18
Unclaimed Dividend (F.Y. 2012-13)	5.79	-
Advances from Customers	26.07	18.72
Security Deposit from Dealers	191.20	148.59
Duties and Taxes	88.39	62.90
Liability for Capital Expenditure	5.62	2.25
Other Current Liabilities	29.23	25.74
<b>TOTAL</b>	<b>442.50</b>	<b>356.95</b>
<b>Note 9 : SHORT TERM PROVISIONS</b>		
<b>i Provisions for Employee Benefits</b>		
Gratuity	3.65	0.41
Leave Encashment	0.79	0.18
<b>ii Other</b>		
Proposed Dividend	-	62.73
Dividend Distribution Tax	-	10.18
<b>TOTAL</b>	<b>4.44</b>	<b>73.50</b>

Note 10 : Fixed Assets, Depreciation and Amortisation Expense

₹ in Lacs



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Opening As at 1st April, 2013	Addition	Deletion/ Adjustments	As at 31st March, 2014	Opening As at 1st April, 2013	For the Year	Adjustment	Total Dep. /Amrt. for the Year	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
<b>A) Tangible Assets</b>											
Land (Leasehold)	9.88	-	-	9.88	2.18	0.10	-	0.10	2.28	7.60	7.70
Factory Building	366.50	-	-	366.50	184.46	12.24	-	12.24	196.70	169.80	182.04
Plant and Machinery	2,536.90	17.03	-	2,553.93	1,724.50	62.03	-	62.03	1,786.53	767.40	812.40
Electrical Installation	0.94	-	-	0.94	0.65	0.03	-	0.03	0.68	0.26	0.29
Office Equipments	58.03	7.45	-	65.48	35.31	2.02	-	2.02	37.33	28.15	22.72
Computers	23.22	0.49	-	23.71	21.25	0.61	-	0.61	21.86	1.85	1.97
Furniture and Fixtures	23.80	0.21	-	24.01	21.53	0.42	-	0.42	21.95	2.06	2.27
Vehicles	19.68	-	-	19.68	2.35	1.87	-	1.87	4.22	15.46	17.33
<b>Subtotal (A)</b>	<b>3,038.95</b>	<b>25.18</b>	<b>-</b>	<b>3,064.13</b>	<b>1,992.23</b>	<b>79.32</b>	<b>-</b>	<b>79.32</b>	<b>2,071.55</b>	<b>992.58</b>	<b>1,046.72</b>
<b>B) Intangible Assets</b>											
Computer Software	0.45	-	-	0.45	0.30	0.07	-	0.07	0.37	0.08	0.15
Patents and Trade Mark	0.12	-	-	0.12	0.12	-	-	-	0.12	-	-
<b>Subtotal (B)</b>	<b>0.57</b>	<b>-</b>	<b>-</b>	<b>0.57</b>	<b>0.42</b>	<b>0.07</b>	<b>-</b>	<b>0.07</b>	<b>0.49</b>	<b>0.08</b>	<b>0.15</b>
<b>TOTAL (A) + (B)</b>	<b>3,039.52</b>	<b>25.18</b>	<b>-</b>	<b>3,064.70</b>	<b>1,992.65</b>	<b>79.39</b>	<b>-</b>	<b>79.39</b>	<b>2,072.04</b>	<b>992.66</b>	<b>1,046.87</b>
<b>Previous Year</b>	<b>2,965.76</b>	<b>73.76</b>	<b>-</b>	<b>3,039.52</b>	<b>1,874.38</b>	<b>118.27</b>	<b>-</b>	<b>118.27</b>	<b>1,992.65</b>	<b>1,046.87</b>	<b>1,091.39</b>
Capital Work-in-progress										8.51	3.60
<b>TOTAL</b>										<b>1,001.17</b>	<b>1,050.47</b>

# PENTOKEY ORGANY (INDIA) LIMITED



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Note 11 : NON CURRENT INVESTMENT (For mode of Valuation refer Note 1 (D) )</b>		
<b>Non Trade Investment</b>		
<b>Investment in Equity Instrument</b>		
<b>Quoted Investment</b>		
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 ₹ 0.96 Lacs (Previous Year ₹ 1.04 Lacs)]		
<b>Unquoted Investment</b>		
10 (Previous Year 10) Equity Shares of ₹ 50/- each fully paid up of The Thane Janata Sahakari Bank Ltd.	0.01	0.01
<b>TOTAL</b>	<b>0.06</b>	<b>0.06</b>
<b>Note 12 : DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred Tax Liability</b>		
On account of difference in Depreciation	104.82	104.82
<b>Deferred Tax Asset</b>		
On Account of Section 43B of Income Tax Act, 1961, and b/f Losses	268.67	268.67
<b>TOTAL</b>	<b>163.85</b>	<b>163.85</b>
<b>Note 13 : LONG TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
<b>i Security Deposits and Other Deposits</b>		
Unsecured, Considered good	19.91	14.46
Unsecured, Considered doubtful	10.57	10.57
Less : Provisions	10.57	10.57
	<u>19.91</u>	<u>14.46</u>
ii Advance Payment of Taxes (Net of provision ₹ Nil (P.Y.Nil)	1.72	1.14
iii VAT Refund Receivable	537.31	522.47
<b>iv Other Advances</b>		
Unsecured, Considered good	170.27	-
Unsecured, Considered doubtful	166.98	36.98
Less : Provisions	166.98	36.98
	<u>170.27</u>	<u>-</u>
<b>TOTAL</b>	<b>729.21</b>	<b>538.07</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Note 14 : INVENTORIES (Mode of Valuation refer Note 1 (E))</b>		
(As taken, valued and certified by the management)		
Raw Materials	330.88	514.14
Work-in-process	24.98	21.04
Finished Goods	713.28	468.90
Finished Goods in Transit	22.77	-
Stores and Spares	204.38	183.17
<b>TOTAL</b>	<b>1,296.29</b>	<b>1,187.25</b>
<b>Details of Raw Material Inventory</b>		
Special Denatured Spirit	263.63	220.40
Acetic Acid	64.85	291.65
Other Chemicals	2.40	2.09
<b>Total</b>	<b>330.88</b>	<b>514.14</b>
<b>Details of Work-in-process Inventory</b>		
Acetaldehyde	5.57	3.55
Ethyl Acetate	19.41	17.49
<b>Total</b>	<b>24.98</b>	<b>21.04</b>
<b>Details of Finished Goods Inventory</b>		
Acetaldehyde	33.76	13.98
Ethyl Acetate	679.52	454.92
<b>Total</b>	<b>713.28</b>	<b>468.90</b>
<b>Details of Finished Goods in Transit Inventory</b>		
Ethyl Acetate	22.77	-
<b>Total</b>	<b>22.77</b>	<b>-</b>
<b>Note 15 : TRADE RECEIVABLE</b>		
<b>i More than six months</b>		
Unsecured, Considered good	2.70	-
<b>ii Less than six months</b>		
Unsecured, Considered good	1,002.34	733.58
<b>TOTAL</b>	<b>1,005.04</b>	<b>733.58</b>
<b>Note 16 : CASH AND BANK BALANCE</b>		
<b>i Cash and Cash Equivalent</b>		
Balance with Banks in Current Accounts	70.47	18.79
Cash on Hand	1.84	4.29
<b>ii Other Bank Balances</b>		
Margin Money with Bank	198.14	73.50
<b>TOTAL</b>	<b>270.45</b>	<b>96.58</b>

# PENTOKEY ORGANY (INDIA) LIMITED



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Note 17 : SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Advances for Capital Goods	30.00	20.87
Balance with Excise Department	391.59	311.03
VAT Refund Receivable	204.87	60.94
Security Deposit	0.03	0.03
Prepaid Expenses	11.37	12.41
Other Short-term advances	23.18	1,107.99
<b>TOTAL</b>	<b>661.04</b>	<b>1,513.27</b>

### Note 18 : OTHER CURRENT ASSETS

(Unsecured considered good)

Interest Receivable Bank	1.52	0.89
<b>TOTAL</b>	<b>1.52</b>	<b>0.89</b>

₹ in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<b>Note 19 : REVENUE FROM OPERATIONS (GROSS)</b>		
Particulars of Sales of Products		
Ethyl Acetate	12,822.82	12,398.39
Acetaldehyde	282.81	162.54
<b>TOTAL</b>	<b>13,105.63</b>	<b>12,560.93</b>

### Earnings in Foreign Currency

Exports of Goods on Free on Board (FOB) basis	5,229.45	2,583.86
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### Note 20 : OTHER INCOME

Interest Received	11.52	3.89
Interest Received - Sales Tax	6.47	-
Dividend Received from Long-term Investment	0.02	0.02
Miscellaneous Income	12.32	3.49
Sundry Balance written back	-	14.77
Exchange Fluctuation - Net	-	0.58
Export Incentives	21.69	-
<b>TOTAL</b>	<b>52.02</b>	<b>22.75</b>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013		
<b>Note 21 : COST OF MATERIAL CONSUMED</b>				
<b>Raw Materials</b>				
Opening Inventories	514.14	313.85		
Purchases	10,003.47	9,553.84		
	10,517.61	9,867.69		
Less : Closing Inventories	330.88	514.14		
<b>TOTAL</b>	<b>10,186.73</b>	<b>9,353.55</b>		
<b>Details of Raw Material Consumed</b>				
Special Denatured Spirit	5,319.52	3,777.97		
Acetic Acid	4,853.15	4,534.96		
Molassess	-	1,030.17		
Others	14.06	10.45		
<b>Total</b>	<b>10,186.73</b>	<b>9,353.55</b>		
<b>Imported and Indigenous Raw Material Consumed</b>				
	<b>Year ended 31st March, 2014</b>		<b>Year ended 31st March, 2013</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Imported	1,537.22	15.09	1,118.45	11.96
Indigenous	8,649.51	84.91	8,235.10	88.04
<b>Total</b>	<b>10,186.73</b>	<b>100.00</b>	<b>9,353.55</b>	<b>100.00</b>
<b>Expenditure in Foreign Currency</b>				
Import of Goods on Carriage Insurance Freight(CIF) basis	1,414.18		939.91	
<b>Note 22 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS</b>				
<b>Closing Inventories</b>				
Finished Goods	736.05		468.90	
Work-in-process	24.98		21.05	
	761.03		489.95	
<b>Less: Opening Inventories</b>				
Finished Goods	468.90		218.68	
Work-in-process	21.05		20.76	
	489.95		239.44	
<b>TOTAL</b>	<b>(271.08)</b>		<b>(250.51)</b>	
<b>Note 23 : EMPLOYEE BENEFITS EXPENSE</b>				
Salary, Wages and Bonus	185.02		170.40	
Gratuity and Leave Encashment	17.72		4.83	
Contribution to PF and ESIC	11.77		10.86	
Staff Welfare Expenses	25.59		19.44	
Directors Remuneration	24.08		22.61	
<b>TOTAL</b>	<b>264.18</b>		<b>228.14</b>	
<b>Note 24 : FINANCE COST</b>				
Interest - Bank	148.81		116.96	
Interest - Others	140.03		132.35	
Other Borrowing Cost	26.11		15.08	
<b>TOTAL</b>	<b>314.95</b>		<b>264.39</b>	

# PENTOKEY ORGANY (INDIA) LIMITED



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
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### Note 25 : OTHER EXPENSES

#### a) Manufacturing Expenses

Packing Material Consumed	537.72	321.70
Stores Consumed	74.97	64.94
Fuel and Power	724.51	720.99
Water Charges	15.44	11.93
Excise Duty on Opening and Closing Stock of F.G.	26.88	33.50
Other Manufacturing Expenses	24.11	20.53

Imported and Indigenous Stores Consumed	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Amount	%	Amount	%
Imported	-	-	-	-
Indigenous	74.97	100.00	64.94	100.00
<b>Total</b>	<b>74.97</b>	<b>100.00</b>	<b>64.94</b>	<b>100.00</b>

#### b) Administrative and Selling Expenses

Rent, Rates and Taxes	9.28	8.85
Insurance	15.62	14.86
<b>Repairs and Maintenance</b>		
i) Plant	13.32	10.15
ii) Building	6.31	9.33
iii) Others	2.38	2.18
Legal and Professional Charges	25.06	22.22
Motor Car Expenses	1.54	1.12
Travelling and Conveyance Expenses	14.94	9.86
Postage and Telephone	6.14	12.66
Printing and Stationery	5.75	7.04
Security Service Charges	16.38	16.11
Donation	0.08	0.57
Provision for Doubtful Debts	130.00	-
Auditors Remuneration	2.36	2.34
Other Expenses	53.28	29.21
Clearing and Forwarding Charges Export	207.96	94.72
Exchange Fluctuation - Net	24.51	-
Bank Charges	38.37	12.17
Listing Fees Paid	0.55	2.84
Bad Debts	-	3.00
Commission on Sales	49.92	-
<b>TOTAL</b>	<b>2,027.38</b>	<b>1,432.82</b>
<b>Expenditure in Foreign Currency</b>		
Commission	2.55	1.25
Travelling	2.16	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 26:** The Company has no dues to micro and small enterprises as at 31st March 2014. 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 27: 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 (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 Hon'ble Bombay High Court.
- ii. Custom Duty Payable under advance License pending fulfillment of export obligation as on 31st March, 2014 ₹ 137.44 Lacs (Previous Year ₹ 17.13 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 ₹ 7.81 Lacs) under BST Act for the year 1994-95, ₹ 33.84 Lacs (Previous Year ₹ 33.84 Lacs) under BST Act and ₹ 51.64 Lacs (Previous Year ₹ 51.64 Lacs) under CST Act for the year 2004-05 against which the Company has preferred appeals before Joint Commissioner of Sales Tax (Appeals) Kolhapur.
- v. Disputed amount of Penalty U/S 11AC of Central Excise Act, 1944 for the period 2008-09 to 2010-11 ₹ 4.25 Lacs (Previous Year ₹ NIL)

**Note 28:** 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
	<b>Total</b>	<b>51.54</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 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 29:** 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 30: 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	2013-14	2012-13
1	Domestic Sales	7,107.67	8,931.46
2	Export Sales	5,229.45	2,583.86
	<b>Total</b>	<b>12,337.12</b>	<b>11,515.32</b>





**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Note 31: 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.) The Book Centre Ltd.
Key Management Personnel	Shri Rajendra V. Shah - Director (upto 29.05.2014) Shri S. Mohan - Whole-time Director

b. Transactions with Related Parties:

₹ in Lacs

Particulars	2013-14	2012-13
<b>Associate Concerns</b>		
<b>Loan Fund Received / (Repayment)</b>		
Sakarwadi Trading Co. Pvt. Ltd.	(200.00)	800.00
The Book Centre Ltd.	90.00	-
<b>Interest</b>		
Sakarwadi Trading Co. Pvt. Ltd	93.40	79.53
The Book Centre Ltd.	11.88	-
<b>Rent</b>		
Somaiya Properties and Investments Pvt. Ltd. (Formerly The Godavari Sugar Mills Pvt. Ltd.)	4.85	6.07
<b>Purchase</b>		
Godavari Biorefineries Ltd.	1,181.98	0.71
<b>Printing and Stationery</b>		
The Book Centre Ltd.	2.81	0.14
<b>Sales</b>		
Godavari Biorefineries Ltd.	59.05	-
<b>Logo License Fees</b>		
K. J. Somaiya & Sons Pvt. Ltd.	14.56	-
<b>Key Management Personnel</b>		
<b>Remuneration</b>		
Shri S. Mohan	22.51	21.61



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

c. Year end Balances:

₹ in Lacs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Loan Fund</b>		
Sakarwadi Trading Co. Pvt. Ltd.	700.00	900.00
The Book Centre Ltd.	90.00	-
<b>Trade Payables</b>		
Godavari Biorefineries Ltd.	334.75	-
The Book Centre Ltd.	0.21	-

**Note 32: Disclosure of Earning Per Share:**

₹ in Lacs

Particulars	2013- 2014	2012- 2013
Net Profit / (Loss) for the year after Tax	(212.41)	391.41
No. of Equity Shares of ₹ 10/- each	62,72,629	62,72,629
No. of Diluted Equity Shares of ₹ 10/- each.	62,72,629	58,14,455
Earning Per Share		
- Basic	(3.39)	6.73
- Diluted	(3.39)	6.73
Face value of Equity Shares	10	10

**Note 33:** As per Board for 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 34: 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.

# PENTOKEY ORGANY (INDIA) LIMITED



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	As at 31st March, 2014 (Unfunded)	As at 31st March, 2013 (Unfunded)
I. Reconciliation of Opening and Closing balances of Present Value of Defined Benefit obligations (PVDBO)		
(PVDBO) at beginning of period	21.36	23.10
Interest Cost	1.63	1.88
Current Service Cost	3.58	2.30
Benefits Paid	(2.33)	(1.80)
Actuarial (gain)/loss on obligation	6.10	(4.12)
(PVDBO) at end of period	30.34	21.36
II. Reconciliation of Opening & Closing balances of fair value of plan assets		
Fair Value of Plan Assets at beginning of period	-	-
Expected Return on Plan Assets	-	-
Employer Contributions	2.33	1.80
Benefit Paid	(2.33)	(1.80)
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	2.33	1.80
Benefit Paid	(2.33)	(1.80)
Fair Value of Plan Assets at end of period	-	-
Present Value of Defined Benefit obligations	(30.34)	(21.36)
Excess of actual over estimated return on Plan Assets	-	-
IV. Amounts to be recognised in the Balance Sheet		
(PVDBO) at end of period	30.34	21.36
Fair Value of Plan Assets at end of period	-	-
Funded Status	(30.34)	(21.36)
Unrecognised Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognised in the balance sheet	(30.34)	(21.36)



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in Lacs

Particulars	Year Ended March, 2014 (Unfunded)	Year Ended March, 2013 (Unfunded)
V. Expense recognised in the Statement of Profit and Loss		
Current Service Cost	3.58	2.30
Interest cost	1.63	1.88
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognised for the period	6.10	(4.12)
Expense recognised in the statement of Profit and Loss	11.31	0.06
VI. Movements in the Liability recognised in Balance Sheet	As at 31st March, 2014 (Unfunded)	As at 31st March, 2013 (Unfunded)
Opening Net Liability	21.36	23.10
Expenses as above	11.31	0.06
Contribution paid	(2.33)	(1.80)
Closing Net Liability	30.34	21.36
VII. Assumptions as at		
Mortality Table	IALM(2006-08)	LIC(1994-96)
	Ultimate	Ultimate
Discount Rate	9.15%	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	2013-14	2012-13
Employers Contribution to Provident Fund and Pension Fund	13.30	12.31
Employers Contribution to ESIC	0.09	0.08

**Note 35:** Estimated value of contracts remaining to be executed on capital account and not provided for in the accounts as at 31st March, 2014 was ₹ 79.92 Lacs (Previous year ₹ 97.92Lacs)

# PENTOKEY ORGANY (INDIA) LIMITED



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 36: Remuneration to Auditors

₹ in Lacs

Particulars	2013-14	2012-13
Audit Fees	1.40	1.40
Tax Audit Fees	0.84	0.84
Other Matter	0.12	0.10
<b>Total</b>	<b>2.36</b>	<b>2.34</b>

**Note 37:** 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, 2014	As at 31st March, 2013
1	Debtors	473.68	272.71
2	Creditors	341.47	291.86

**Note 38:** The figures of the previous year have been regrouped and rearranged so as to make them comparable with those of the current financial year.

### As per our report of even date attached

#### For Desai Saksena & Associates

Chartered Accountants

#### Alok K. Saksena

Partner

M.N.35170

Place : Mumbai

Date : 29th May, 2014

### For and on behalf of the Board of Directors

#### S. Mohan

Whole-time Director

Place : Mumbai

Date : 29th May, 2014

#### Devendra J. Shrimanker

Director

#### Swarna Gunware

Company Secretary

#### Girish M. Kalaria

Director



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## Form No. MGT-11

### PROXY FORM

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

CIN: L24116MH1986PLC041681

Name of the company: **PENTOKEY ORGANY (INDIA) LIMITED**

Registered office: Somaiya Bhavan, 45/47, Mahatma Gandhi Road, Fort Mumbai - 400001

Email: investors@pentokey.com Website: www.pentokey.com

Tel. No. (91-22) 61702100 Fax: (91-22) 22047297

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

I/We, being the member (s) of ..... Shares of the above named company, hereby appoint

1. Name : ..... Address : .....

E-mail Id : ..... Signature : .....or failing him

2. Name : ..... Address : .....

E-mail Id : ..... Signature : .....or failing him

3. Name : ..... Address : .....

E-mail Id : ..... Signature : .....or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on Wednesday, the 13th August, 2014, at 5.00 p.m. at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai-400 020 and at any adjournment thereof in respect of such resolutions as are indicated below :

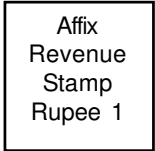
**Resolution No:**

#### **ORDINARY BUSINESS:**

1. Adoption of Audited Financial Statements for the year ended 31st March, 2014 with Reports of the Directors and Auditors thereon.
2. Re-appointment of Dr. Sampatraj B. Chandalia, who retires by rotation.
3. Appointment of Auditors and fixing their remuneration.

**SPECIAL BUSINESS:**

4. Appointment of Shri Devendra J. Shrimanker as an Independent Director
5. Appointment of Shri Shyam C. Balsekar as an Independent Director
6. Special Resolution for insertion of Article No. 115 c) in the Articles of Association of the Company to provide e voting facility to the members of the Company.
7. Special Resolution under Section 188 of the Companies Act, 2013 for approval of related party transactions along with annual limits.
8. Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs. 50 crores over and above the aggregate of the paid up share capital and free reserves of the Company.
9. Ordinary Resolution under Section 148 (3) of the Companies Act, 2013 for approval of remuneration of Cost Auditor.
10. Special Resolution under Section 196 and 197 r/w Schedule V of the Companies Act, 2013 for approval of payment of remuneration to Shri S. Mohan (DIN: 03184356), Whole-time Director of the Company.



Signed this ..... day of ..... 2014

Signature of Shareholder.....

Signature of Proxy holder(s).....

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



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## BALLOT FORM (In lieu of E-voting)

CIN: L24116MH1986PLC041681

Name of the company: **PENTOKEY ORGANY (INDIA) LIMITED**

Registered office: Somaiya Bhavan, 45/47, Mahatma Gandhi Road, Fort Mumbai - 400001

Email: investors@pentokey.com Website: www.pentokey.com

Tel. No. (91-22) 61702100 Fax: (91-22) 22047297

1. Name :  
Registered Address :  
of the sole/first named Shareholder
2. Name (s) of the Joint Shareholder (s) if any :
3. Registered Folio/DPID & Client ID No. :
4. No. of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 27th Annual General Meeting of the Company dated 13th August, 2014, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below.

Item No.	Description	No. of equity shares	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1	Adoption of Audited Financial Statements for the year ended 31st March, 2014 with Reports of the Directors and Auditors thereon.			
2	Re-appointment of Dr. Sampatraj B. Chandalia, who retires by rotation.			
3	Appointment of M/s. Desai Saksena & Associates, Chartered Accountants as Auditors and fixing their remuneration.			
4	Appointment of Shri Devendra J. Shrimanker as an Independent Director			
5	Appointment of Shri Shyam C. Balsekar as an Independent Director			
6	Special Resolution for insertion of Article No. 115 c) in the Articles of Association of the Company to provide e voting facility to the members of the Company.			
7	Special Resolution under Section 188 of the Companies Act, 2013 for approval of related party transactions along with annual limits.			
8	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money upto Rs. 50 crores over and above the aggregate of the paid up share capital and free reserves of the Company.			
9	Ordinary Resolution under Section 148 (3) of the Companies Act, 2013 for approval of remuneration of Cost Auditor.			
10	Special Resolution under Section 196 and 197 r/w Schedule V of the Companies Act, 2013 for approval of payment of remuneration to Shri S. Mohan (DIN: 03184356), Whole-time Director of the Company.			

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**Signature of Shareholder**

NOTE: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6.00 p.m. on 9th August, 2014 shall only be considered.

### **E-VOTING**

Users who wish to opt for e-voting may use the following login credentials.

**EVSN**

**User ID**

**PASSWORD**

Please follow steps for e-voting procedure as given in the Notice of AGM.

### **INSTRUCTIONS**

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Mr. Kartik Shah, Practising Company Secretary, Somaiya Bhavan, 45/47, M.G. Road, Fort, Mumbai-400 001 or to his [email id co.secretaries@gmail.com](mailto:co.secretaries@gmail.com), so as to reach **by 6.00 p.m. on 9th August, 2014. Ballot Form received thereafter will strictly be treated as if not received.**
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Datamatics Financial Services Limited). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorisation/Board resolution to vote should accompany the Ballot Form.

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## PENTOKEY ORGANY (INDIA) LIMITED

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

Email: [investors@pentokey.com](mailto:investors@pentokey.com) Website: [www.pentokey.com](http://www.pentokey.com)

Tel. No. (91-22) 61702100 Fax: (91-22) 22047297

### Attendance Slip

I/We hereby record my/our presence at the 27th Annual General Meeting held at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020 on Wednesday, the 13th August, 2014 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.

