



NOTICE

NOTICE is hereby given that the Twenty-second Annual General Meeting of the members of Pentokey Organy (India) Limited, will be held on Tuesday, the 28th July, 2009 at 4.00 p.m. at Fazalbhoy Building, 45/47, M. G. Road, Fort, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account 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, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Devendra J. Shrimanker, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Desai Saksena & Associates, Chartered Accountants, as Auditors of the Company to hold office, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Registered Office:

Yusuf Building, 20-A, 2nd Floor,
43, M. G. Road, Fort,
Mumbai - 400001

For and on behalf of the Board of Directors

Sd/-

RAJENDRA V. SHAH

Chairman & Managing Director

Place : Mumbai

Date : 20th May, 2009

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Members are requested to notify any change in their address to the Company's Registrars and Share Transfer Agent 'Datamatics Financial Services Limited', Plot No. B-5, MIDC, Part B, Cross Lane, Andheri (East), Mumbai- 400 093
3. The Register of members and Share Transfer Books of the Company will remain closed from 22nd July, 2009 to 28th July, 2009 (both days inclusive).
4. Members/proxies should bring their copies of the Annual Report and the admission slip duly filled in for attending the meeting.
5. Members desiring any information on the Accounts at the Annual General Meeting should write to the Company at least seven days in advance, so as to enable the Company to keep the information ready.

Registered Office:

Yusuf Building, 20-A, 2nd Floor,
43, M. G. Road, Fort,
Mumbai - 400001

For and on behalf of the Board of Directors

Sd/-

RAJENDRA V. SHAH

Chairman & Managing Director

Place: Mumbai

Date : 20th May, 2009



DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present the Twenty-second Annual Report, together with the Audited Accounts of the Company for the year ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS

The Financial Results of the Company are as under: -

	(Rs. in Lacs)	
	Financial Year 2008-2009	Financial Year 2007-2008
Gross Income	2132.01	17.30
Profit/(Loss) before Interest and Depreciation & Extraordinary item	233.34	(81.73)
Less : Interest	52.60	63.28
Profit/(Loss) before Depreciation	180.74	(145.01)
Less : Depreciation	99.34	100.04
Profit/(Loss) for the year before Extraordinary item	81.40	(245.05)
Add/(Less): Exceptional item (Provisions/Balances Written Off Back)	(12.77)	117.23
Add/(Less): Extraordinary item (Reliefs as per the BIFR order)	-	279.95
Net Profit/(Loss) for the year after Extraordinary item	68.63	152.13
Less : Taxes	1.44	1.35
Net Profit/(Loss) for the year after Tax	67.19	150.78

2. OPERATIONS AND STATUS UNDER BIFR

After induction of Strategic Investors and infusion of funds by the Strategic Investors, the Company recommenced its operations in June, 2008. However, due to very high price of Alcohol, the production in the Acetic Acid plant had to be suspended. The Company like all the other chemical manufacturers has gone through difficult period of recession. The Company has, with the help of debottlenecking of the Ethyl Acetate plant and improved operating efficiencies, been able to increase production of Ethyl Acetate by almost double the rated capacity. This helped the Company in improving sales of Ethyl Acetate Rs.1,877.60 Lacs during the financial year 2008-09.

Due to the continuous monitoring and improving the operating parameters, the Company has posted a profit of Rs.81.40 Lacs before Extraordinary items and Taxes. The Net Profit for the year after Extraordinary items and Tax is Rs.67.19 Lacs. The Net Worth of the Company has become positive to the extent of Rs.248.29 Lacs as on 31st March, 2009. The Company has taken all the steps to implement the Rehabilitation Scheme sanctioned by BIFR and complied with all the terms and conditions of the Scheme.

3. DIVIDEND

In view of the accumulated losses the Directors are unable to recommend any dividend for the year.

4. FIXED DEPOSITS

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

5. DIRECTORS

Dr. Sampatraj B. Chandalia and Shri Devendra J. Shrimanker, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment.

6. AUDITORS

M/s. Desai Saksena & Associates, Chartered Accountants, Mumbai, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, have confirmed their willingness for re-appointment.



7. INSURANCE

The Company has adequately insured its insurable assets

8. INDUSTRIAL RELATIONS

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

9. 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.

10. AUDITORS' REMARK

Provision for Retirement Benefits as per Accounting Standards-15 (Revised).

The Company has made provision for Gratuity as per the Payment of Gratuity Act, 1972, which is in excess of the Actuarial Valuation of Gratuity Liability.

11. COST AUDIT:

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit of the Company's product "Chemicals" for the financial year.

Accordingly, the Board of Directors of the Company subject to the approval of Central Government, appointed M/s. B. J. D. Nanabhoy & Co., Cost Accountants, as Cost Auditors to audit the cost accounts of the Company.

12. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed alongwith the proper explanation relating to material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.

13. 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. APPRECIATION

Your Directors wish to place on record their appreciation of whole hearted co-operation and support from Shareholders, Employees, Bankers, Financial Institutions, and various Government Agencies and look forward to the same extent of co-operation and cordial support.

For and on behalf of the Board of Directors

sd/-

RAJENDRA V. SHAH

Chairman & Managing Director

Place : Mumbai
Date : 20th May, 2009



ANNEXURE - I

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

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 (Form 'A')

A. POWER AND FUEL CONSUMPTION

	CURRENT YEAR 2008-09	PREVIOUS YEAR 2007-08
1. Electricity		
(a) Purchased	844	NIL
Units (in Thousand)		
Total Amounts (Rs. in Lacs)	41.95	NIL
Rate per Unit (Rs.)	4.97	NIL
(b) Own Generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil:	9,31,977	NIL
Quantity (Kgs.)		
Total Cost (Rs. in Lacs)	173.70	NIL
Average Rate (Rs.)	18.64	NIL
4. Other/ Internal generation	NIL	NIL

B CONSUMPTION PER UNIT PRODUCTION

1. Electricity (Unit)		
Acetic Acid	305	NIL
Ethyl Acetate	107	NIL
2. Furnace Oil (Kgs.)		
Acetic Acid	58	NIL
Ethyl Acetate	173	NIL

II. TECHNOLOGY ABSORPTION ADAPTATION, INNOVATION AND RESEARCH & 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:

There were no earning or outgo in Foreign Exchange either during the Current Year or Previous Year.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 20th May, 2009

sd/
RAJENDRA V. SHAH
Chairman & Managing Director

**CORPORATE GOVERNANCE.****Company's Philosophy on Code of Governance**

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

Board of Directors**Composition.**

The Board of Directors of the Company comprises of eight members, out of which four are Independent Non-Executive Directors. The Non Executive Directors of the Company are experienced professionals in their respective fields. Shri Ajai O Bhambi is a Special Director of BIFR. The Board is headed by Shri Rajendra V. Shah, Executive Chairman & Managing Director.

Board Procedures

During the Financial Year 2008-2009 the Board of Directors had met four times on the following dates: 5th May, 2008, 29th August, 2008, 21st October, 2008, and 22nd January, 2009. The gap between two meetings did not exceed four months.

Attendance Record Directorships and Membership of Directors

Table 1 gives the composition of the Board and the attendance record of all the Directors at the four Board meetings held during the financial year 2008-09, as well as at the last Annual General Meeting and also the number of Directorships and Committee Memberships held by them in other Companies.

Table1:

Name of Directors	Category	Attendance particulars		Directorships in Companies		Memberships/ Chairmanships In Committees	
		Board Meeting	Last AGM Held on 29.09.2008	In Listed Companie	In Unlisted Public Ltd Companies	Chairman	Member
Rajendra V. Shah	Promoter- Executive	4	Yes		2		
Pragna R. Shah	Promoter Non-Executive	2	Yes		2		
Ajai O. Bhambi	Independent Non-Executive (Special Director BIFR)	3			1		1
Dr. Sampatraj B. Chandalia	Independent Non-Executive	3					1
Devendra J. Shrimanker	Independent Non-Executive	3	Yes			1	2
Girish M. Kajaria	Professional Non-Executive	2					
Vinay Venkatesh Joshi	Professional Non-Executive	3	Yes		3	1	1
Shyam Chaitan Balsekar	Independent Non-Executive	2				1	

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

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

Information supplied to the Board

The Board of Pentokey Organy (India) Limited is presented with all the relevant information on various vital matters affecting the working of the Company, as well as those that require deliberation at the highest level. Extensive information is provided on various critical items such as: (a) Production, Sales and Capital Expenditure Budget, (b) Financial Performance, (c) Share Transfer Compliance, (d) Quarterly Financial Results, (e) Significant labour and human relation matters, (f) statutory compliance reporting system and any other matters.



Audit Committee:

Constitution and Composition

The Company has constituted an Audit Committee comprising of three Non-Executive Directors. The Audit Committee consists of the following Directors: -

1. Shri Devendra J. Shimanker
2. Dr. Sampatraj B. Chandalia
3. Shri Vinay Venkatesh Joshi

The terms of reference specified by the Board to the Audit Committee are as contained in Clause 49 of the Listing Agreement and under Section 292A of the Companies Act, 1956 and it also undertakes such other matters as may be delegated by the Board from time to time. The primary function of the Audit Committee is:

1. To periodically interact with the Internal Auditors to review their reports and discuss adequacy of internal control system and internal Audit functions.
2. Appointment of Statutory Auditors and meeting with them to discuss the scope of Audit, their observations and suggestions on accounts and accounting policies.
3. The Audit Committee also reviews with the management the Company's financial reporting process and the disclosure of its financial information.

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

Meetings, attendance and topics discussed

During the Financial Year 2008-09, the Audit Committee had met four times on the following dates (i) 25th June, 2008, (ii) 29th August, 2008, (iii) 21st October, 2008, and (iv) 22nd January, 2009. In addition to the members of the Audit Committee these meetings were attended, by Statutory Auditors and those executives of the Company who were considered necessary for providing inputs to the Committee.

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

Remuneration Committee

The Board has constituted Remuneration Committee consisting of three Independent Directors. The Remuneration Committee has been constituted to recommend / review remuneration of the Managing Director / Executive Directors. The Remuneration Committee consists of the following Directors

1. Shri Shyam C. Balsekar
2. Shri Devendra J. Shrimanker
3. Shri Ajai O. Bhambi

Remuneration of Directors

- a. Details of the remuneration paid to the Managing Director / Executive Director for the Financial Year ended 31st March, 2009 is given below: -

Name of the Director	Category	Salary	Service Years	Contract Period
Rajendra V. Shah	Chairman & Managing Director	Rs. 7,94,183 /-	5	14th July, 2005 13th July, 2010

- b. Details of Sitting Fees paid to the Non-Executive Directors for the financial year ended 31st March, 2009 is given below: -

Non Executive Director	Sitting Fees (Rs)
1. Smt. Pragna R. Shah	7,000/-
2. Dr. Sampatraj B. Chandalia	24,500/-
3. Shri Devendra J. Shrimanker	24,500/-
4. Shri Girish M. Kajaria	7,000/-
5. Shri Shyam C. Balsekar	7,000/-
6. Shri Vinay Venkatesh Joshi	21,000/-
7. Shri Ajai O. Bhambi	10,500/-

**Shareholders Grievances Committee**

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

No Transfers /Transmission are pending as on 31st March, 2009.

SHAREHOLDERS**Communications to Shareholders**

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

Shareholders Information General Body Meetings:**For the period ended****Date, Time and Locations**

31st March, 2008

29th September, 2008 at 4.00 p.m.
Unit No RCC 9, 1st Floor, J K Industrial Estate,
Off Mahakali Caves Road,
Andheri (East) Mumbai - 400 093

31st March, 2007

16th November, 2007 at 3.00 p.m.
Unit No RCC 9, 1st Floor, J K Industrial Estate,
Off Mahakali Caves Road,
Andheri (East) Mumbai - 400 093

General Shareholders Information**Annual General Meeting**

Day, Date, Time & Venue

28th July, 2009 at 4.00 p.m
Fazalbhoj Building, 45/47,
M. G. Road, Fort,
Mumbai -400 001

Dividend Payment Date

Not Applicable since no dividend has been declared

Listing on Stock Exchanges.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001

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

Stock Code :

The Stock Exchange, Mumbai

24210

The Stock Exchange, Ahmedabad

44750

Market Price Data :

No rates are quoted during the Financial Year 2008-2009.

Registrar & Transfer Agents:

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



Distribution of Shareholdings

Table 2 gives details about the pattern of Shareholdings among various categories as on 31st March, 2009, while Table 3 gives the data according to size classes: -

Table 2: Distribution of shareholdings across categories

	As on 31st March 2009		As on 31st March 2008	
	No. of Shares	% to Total No. of Shares	No. of Shares	% to Total No. of Shares
Promoters and persons acting in concert (Including Directors and Relatives)	4685223	83.16	1885223	66.51
Foreign Institutional investors	-	-	-	-
Public Financial Institutions	202459	3.59	202459	7.14
Mutual funds	3900	0.06	3900	0.14
Nationalized and Other banks	-	-	-	-
Private Corporate Bodies	23375	0.42	23375	0.83
NRIs and OCBs	-	-	-	-
Others (Public)	719376	12.77	719376	25.38
Total	5634333	100.00	2834333	100.00

Table 3: Distribution of shareholdings according to size class as on 31st March, 2009

From	Shares Range To	No. of Shares	% to Capital	No. of Holders	% to No. of Holders
501	1000	31350	0.56	46	0.25
1001	2000	29900	0.53	22	0.12
2001	3000	14150	0.25	6	0.03
3001	4000	23800	0.42	7	0.04
4001	5000	9125	0.16	2	0.01
5001	10000	82010	1.46	11	0.06
10001	50000	126775	2.25	6	0.03
50001	9999999999	4691922	83.27	7	0.04
Total		5634333	100.00	18565	100.00

Dematerialisation of Shares

As on date the shares of the Company are not dematerialised.

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.

Plant Location

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

Address for Correspondence

Yusuf Building, 20A, 2nd Floor, 43, M. G. Road, Fort, Mumbai-400 001



Auditor's Report on Corporate Governance

To the Members of
Pentokey Organy (India) Limited

We have reviewed the records concerning the Company's compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company with the Stock Exchanges for the year ended on 31st March, 2009.

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

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

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

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

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

For Desai Saksena & Associates
Chartered Accountants

Place: Mumbai
Date: 20th May, 2009

sd/-
Dr. S.N.Desai
Partner
M. No. 32546



AUDITORS' REPORT

TO THE MEMBERS OF
PENTOKEY ORGANY (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **PENTOKEY ORGANY (INDIA) LIMITED**, as at 31st March, 2009, the Profit and Loss Account of the Company and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") (as amended) issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable.
4. The Company has accounted for Gratuity Liability as at 31st March, 2009 amounting to Rs.29.26 lacs as per the Payment of Gratuity Act, 1972. However, the liability is not funded, as per the Accounting Standard, Accounting for Retirement benefits AS-15 (Revised). The impact of the same on Profit and Loss Account and Balance Sheet cannot be ascertained.
5. Further to our comments in Para 4 above and our comments in the Annexure, referred to in paragraph 3, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2009 from being appointed as directors in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies & notes to the accounts thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Desai Saksena & Associates
Chartered Accountants

sd/-
Dr. S.N. Desai
Partner
M.No.32546

Place: Mumbai
Date: 20th May, 2009

Annexure to the Auditors' Report

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

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) As per the explanation given to us, the Company has designed a phased programme for the physical verification of its fixed assets and accordingly a portion of the fixed assets are verified every year to cover all the items in reasonable time frame. Pursuant to said programme, during the year also a portion of fixed assets of the Company has been physically verified by the management. As explained to us, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion, during the year the Company has not disposed off a substantial part of fixed assets and in our opinion the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - (a) As explained to us, inventories, raw materials, semi-finished goods and finished goods were physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on the physical verification of inventory as compared to the book records.
- iii. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:



- (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956. As the Company has not granted any loans, secured or unsecured to the parties listed in the Register maintained under section 301 of the Companies Act 1956, 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, there were no transactions of sale & purchase during the year with the parties covered under register maintained under section 301 of the Companies Act, 1956.
 - b) In our opinion and according to the information and explanations given to us, there are no contracts or agreements that need to be entered into register maintained under section 301 Companies Act 1956, paragraph (v) (b) of the Order is not applicable.
- 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 (vi) of paragraph 4 of the Order are not applicable.
- vii. The Company has an internal audit system commensurate with the size and nature of the business.
- viii. As per information and explanation given to us, the Central Government has vide its Order dated 5th February, 2002, directed the company that the Cost Audit Order dated 10th August, 2002 need not to be acted upon. However as during the year the Company have restarted manufacturing the product, the Company has maintained the cost records. We have not, however, done a detailed examination of the records. The Company is in the process of getting the cost records audited by a Cost Accountant.
- ix. (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, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess, Service Tax and any other statutory dues, applicable to it, with the appropriate authorities during the year. However delays are observed in payment of Provident Fund, Employees' State Insurance up to the month of July, 2008. The BIFR vide its Order dated 26th September, 2007 has granted various relief and concessions including rescheduling of the payment of the statutory dues and as per the explanation given by the Company, the dues are paid in accordance with the said order of BIFR.
 - (b) According to the information and explanation given to us, there is no statutory dues which have not been deposited on account of dispute.
- x. The Company does have accumulated losses at 31st March, 2009. The accumulated loss of the Company is exceeding fifty percent of its network. The Company has not incurred cash losses during the financial year covered by the audit. The Company has incurred cash losses in immediately preceding financial year.
- xi. Based on our audit procedure and according to the information and explanations given to us, the Company has not taken loan from financial institutions or banks. Hence question of default in the repayment of dues to financial institutions or banks does not arise.
- xii. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not granted any loans and advances on the basis security by way of pledge of shares, debentures and any other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the 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 provision 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 guarantees, for loans taken by others from banks or financial institutions.
- xvi. The Company has not raised new term loans during the year. As the Company has not raised any new term loans during the year provision of clause 4(xvi) of Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have prima facie, have been used during the year for long term investments.
- xviii. According to the information and explanations given to us, the Company has as per BIFR Order made preferential allotment of shares amounting to Rs.2.80 crores to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures; hence question of creation of securities do not arise.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For Desai Saksena & Associates
Chartered Accountants

sd/
Dr. S.N. Desai
Partner
M.No.32546

Place: Mumbai
Date: 20th May, 2009

PENTOKEY ORGANY (INDIA) LIMITED



BALANCE SHEET AS AT 31ST MARCH, 2009

(Amt in Rs.)

Particulars	Schedule	As at 31st March, 2009	As at 31st March, 2008
SOURCES OF FUNDS			
Shareholders' Fund			
Share Capital	A	56,343,330	28,343,330
Reserves & Surplus	B	3,000,000	3,000,000
Loan Funds			
Secured Loans	C	4,138,750	32,845,997
Unsecured Loans	D	37,205,572	13,968,440
TOTAL		100,687,652	78,157,767
APPLICATION OF FUNDS			
Fixed Assets	E		
Gross Block		199,659,682	199,323,319
Less: Depreciation & Amortisation		151,690,902	142,583,311
Net Block		47,968,780	56,740,008
Capital Work-in-progress		53,263,445	19,221,571
		101,232,225	75,961,579
Investments	F	5,500	5,500
Current Assets, Loans & Advances			
Closing Stock	G	23,720,436	5,798,464
Sundry Debtors	H	5,969,994	1,539,340
Cash & Bank Balance	I	4,011,218	1,128,147
Loans & Advances	J	23,617,034	11,492,621
		57,318,682	19,958,572
Less: Current Liabilities and Provisions	K	95,473,264	62,091,350
Net Current Assets		(38,154,582)	(42,132,778)
Deferred Tax Asset (Net)		3,090,000	-
Profit & Loss A/c		34,514,509	44,323,466
TOTAL		100,687,652	78,157,767

Significant Accounting Policies and Notes to Accounts R

Schedules referred to above form an integral part of the financial statement

As per our Report of even date annexed

For Desai Saksena & Associates

Chartered Accountants

sd/-

Dr. S.N.Desai

Partner

M.N. 32546

For and on behalf of the Board of Directors

sd/-

Rajendra V. Shah

Managing Director

sd/-

Devendra J. Shrimanker

Director

Place : Mumbai

Dated : 20th May, 2009

Place : Mumbai

Dated : 20th May, 2009

sd/-

Priyanka Jain

Company Secretary

**22ND ANNUAL REPORT 2008-2009****PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

(Amt in Rs.)

Particulars	Schedule	Year ended 2008-09	Year ended 2007-08
INCOME			
Sales			
Gross Sales		235,678,176	-
Less: Excise Duty		22,633,846	-
		213,044,330	-
Other Income	L	156,837	1,729,991
TOTAL		213,201,167	1,729,991
EXPENDITURE			
(Increase) / Decrease in Stocks	M	(1,941,792)	(93,734)
Manufacturing & Other Expenses	N	169,173,276	1,146,380
Employees Emoluments	O	11,005,270	2,824,919
Administrative & Selling Expenses	P	11,470,662	5,977,135
Financial Cost	Q	5,420,145	6,377,219
Depreciation & Amortisation		9,934,024	10,003,864
TOTAL		205,061,585	26,235,783
Profit / (Loss) Before Tax & Exceptional Items		8,139,582	(24,505,792)
Exceptional Items			
Sundry Balances Written Back - (Net)		214,988	11,723,814
Excess Depreciation Written Back - Net		210,885	-
Relief's & Concessions as per BIFR Order		-	27,995,089
Retrenchment Compensation		(1,702,444)	-
Net Profit / (Loss) Before Tax		6,863,011	15,213,111
Provision for Fringe Benefit Tax		(144,054)	(135,000)
Profit/(Loss) after Tax		6,718,957	15,078,111
Less/Add: Balance brought forward		(44,323,466)	(249,914,252)
		(37,604,509)	(234,836,141)
Add : Deferred Tax Initial Recognition		3,090,000	-
Add: Reduction in Share Capital as per BIFR Order		-	78,263,490
Add: Transfer from Capital Reserve		-	112,249,185
Balance Carried to Balance Sheet		(34,514,509)	(44,323,466)
Earnings Per Share (Refer Note No. 2 (J) of Schedule 'R')			
Basic Before Exceptional Items		1.54	(8.69)
Diluted Before Exceptional Items		1.54	(2.65)
Basic After Exceptional Items		1.25	5.32
Diluted After Exceptional Items		1.25	1.62

Significant Accounting Policies and Notes to Accounts R

Schedules referred to above form an integral part of the financial statement

As per our Report of even date annexed**For Desai Saksena & Associates**

Chartered Accountants

For and on behalf of the Board of Directors

sd/-

Dr. S.N.Desai

Partner

M.N. 32546

sd/-

Rajendra V. Shah

Managing Director

sd/-

Devendra J. Shrimanker

Director

Place : Mumbai

Dated : 20th May, 2009

Place : Mumbai

Dated : 20th May, 2009

sd/-

Priyanka Jain

Company Secretary

PENTOKEY ORGANY (INDIA) LIMITED



CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Amt in Rs.)

Particulars	Year ended 2008-09	Year ended 2007-08
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Exceptional items	6,863,011	15,213,111
<u>Adjustment for:</u>		
Depreciation	9,934,024	10,003,864
Excess Depreciation W/back	(210,885)	-
Loss on Sale of fixed assets	665,353	-
Interest Income	(30,054)	(135,887)
Dividend Income	-	-
Interest & Finance Charges	5,420,145	6,328,480
Provisions/Balances Written Off / (Back)	(214,988)	(11,723,814)
Relief's & Concessionation as per BIFR	-	(27,995,089)
Operating Profit before Working Capital Changes	22,426,606	(8,309,335)
<u>Adjustment for:</u>		
Inventories	(17,921,972)	(85,335)
Sundry Debtors	(4,430,654)	(847,703)
Loans & Advances	(12,124,413)	(2,681,071)
Trade Payables	33,381,914	(37,820,947)
Cash Flow before Exceptional items & Provision for tax	21,331,481	(49,744,391)
Fringe Benefit tax paid	(144,054)	(135,000)
Relief's & Concessionation as per BIFR	-	27,995,089
Provisions/Balances Written back	214,988	11,723,814
Net Cash from/(Used in) Operating Activities	21,402,415	(10,160,488)
B CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets	(1,817,264)	-
Increase in Capital WIP	(34,041,874)	50,000
Sale of Fixed Assets	200,000	-
Interest Income	30,054	135,887
Dividend Income	-	-
Cash generated from/(used in) Investing Activity	(35,629,084)	185,887
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(5,420,145)	(6,328,480)
Share Capital received	28,000,000	-
Loan received	105,411,740	19,831,653
Loan Repaid	(110,881,855)	(6,278,562)
Cash generated from/(used in) Financing Activity	17,109,740	7,224,611
Net Increase/(Decrease) in Cash & Cash equivalents	2,883,071	(2,749,990)
Cash & Cash equivalents at beginning of the year	1,128,147	3,878,137
Cash & Cash equivalents at end of the year	4,011,218	1,128,147

As per our Report of even date annexed
For Desai Saksena & Associates
 Chartered Accountants

For and on behalf of the Board of Directors

sd/-
Dr. S.N.Desai
 Partner
 M.N. 32546

sd/-
Rajendra V. Shah
 Managing Director

sd/-
Devendra J. Shrimanker
 Director

Place : Mumbai
 Dated : 20th May, 2009

Place : Mumbai
 Dated : 20th May, 2009

sd/-
Priyanka Jain
 Company Secretary



SCHEDULES FORMING PART OF BALANCE SHEET

(Amt in Rs.)

Particulars	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 'A'- SHARE CAPITAL		
Authorised		
4,00,00,000 (P.Y. 4,00,00,000) Equity Shares of Rs.10/- each	400,000,000	400,000,000
Issued, Subscribed & Paid-up		
28,34,333 (P.Y. 1,04,35,132) Equity Shares of Rs.10/- each fully paid up	28,343,330	104,351,320
Less: Reduction in Share Capital as per BIFR Order NIL (P.Y. 78,26,349 Equity Shares of Rs.10/- each fully paid up)	-	78,263,490
Add : Shares Alloted During the Year 28,00,000 (P.Y. 2,25,550) Equity Shares of Rs.10/- each fully paid up	28,000,000	2,255,500
	56,343,330	28,343,330
SCHEDULE 'B'- RESERVES & SURPLUS		
Capital Reserve :		
Capital Subsidy (SICOM)	3,000,000	3,000,000
Capital Reserve	-	112,249,185
Less: Transferred to Profit & Loss A/c as per BIFR Order	-	112,249,185
	3,000,000	3,000,000
SCHEDULE 'C'- SECURED LOANS		
a) Term Loans		
1) From Company		
Comfort Intech Ltd.	-	32,410,046
Lalakana Chemicals Pvt. Ltd. (Fully Secured Against First Mortgage and Charge of all Movable & Immovable Properties both present and future.)	4,138,750	-
	4,138,750	32,410,046
b) Car Loans (Secured against Hypothecation of Motor Car)		
	-	435,951
Total	4,138,750	32,845,997
SCHEDULE 'D'- UNSECURED LOANS		
From Director	279,464	2,753,973
From Companies	36,386,045	10,314,364
Sales Tax Deferral Liability	540,063	900,103
Total	37,205,572	13,968,440

PENTOKEY ORGANY (INDIA) LIMITED



SCHEDULES FORMING PART OF THE BALANCE SHEET SCHEDULE 'E': FIXED ASSETS

(Amt in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK				
	As at 31st March, 2008	Addition	Sales	As at 31st March, 2009	As at 31st March, 2008	For The Year	Adjustment on Sales	Total Dep. for the Year	As at 31st March, 2009	As at 31st March, 2009	As at 31st March, 2008
A) Tangible Assets											
Land (Leasehold)	987,872	-	-	987,872	166,393	10,400	-	10,400	176,793	811,079	821,479
Factory Building	28,347,567	-	-	28,347,567	13,392,235	946,809	-	946,809	14,339,044	14,008,523	14,955,332
Office Premises	-	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	159,435,550	1,367,585	-	160,803,135	121,059,934	8,474,634	-	8,474,634	129,534,568	31,268,567	38,375,616
Electrical Installation	93,844	-	-	93,844	43,692	4,458	-	4,458	48,150	45,694	50,152
Office/Factory Equipments	3,854,947	85,619	-	3,940,566	2,443,484	187,003	-	187,003	2,630,487	1,310,079	1,411,463
Computers	1,856,365	319,060	-	2,175,425	1,739,018	71,683	-	71,683	1,810,701	364,724	117,347
Furniture & Fixtures	1,842,664	-	-	1,842,664	1,615,708	110,483	-	110,483	1,726,191	116,473	226,956
Vehicles	2,892,910	-	1,480,901	1,412,009	2,111,247	127,195	826,433	127,195	1,412,009	-	781,663
B) Intangible Assets											
Computer Software	-	45,000	-	45,000	-	1,359	-	1,359	1,359	43,641	-
Patents & Trade Mark	11,600	-	-	11,600	11,600	-	-	-	11,600	-	-
TOTAL	199,323,319	1,817,264	1,480,901	199,659,682	142,583,311	9,934,024	826,433	9,934,024	151,690,902	47,968,780	56,740,008
Previous Year	199,323,319	-	-	199,323,319	132,579,447	10,003,864	-	10,003,864	142,583,311		
Capital Work-in-progress										53,263,445	19,221,571
TOTAL										101,232,225	75,961,579

SCHEDULES FORMING PART OF BALANCE SHEET

(Amt in Rs.)

Particulars	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 'F'- INVESTMENTS		
Current Investment		
Quoted Investment		
1) 50 (P.Y. 50) Equity Shares of Rs.100/- each fully paid up of State Bank of India [Market value of quoted investment Rs. 53,328/- (Previous Year Rs.79,943)]	5,000	5,000
Unquoted Investment		
1) 10 (P.Y. 10) Equity Shares of Rs.50/- each fully paid up of The Thane Janata Sahakari Bank Ltd.	500	500
Total	5,500	5,500
SCHEDULE 'G'- CLOSING STOCK		
(As taken, valued and certified by the management)		
Raw Materials	16,211,312	1,962,780
Work In Process	981,981	-
Finished Goods	1,551,247	591,436
Stores & Spares	4,975,896	3,244,248
Total	23,720,436	5,798,464

**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amt in Rs.)

Particulars	As at 31st March, 2009	As at 31st March, 2008
SCHEDULE 'H'- SUNDRY DEBTORS		
(Unsecured considered good unless otherwise stated)		
Debts outstanding for a period		
a) More Than Six Months	299,501	691,637
Less: Provision for Doubtful Debts	299,501	-
	-	691,637
b) Less Than Six Months	5,969,994	847,703
Total	5,969,994	1,539,340
SCHEDULE 'I'- CASH & BANK BALANCES		
Cash On Hand	522,778	625,581
Balance with Scheduled Banks :		
Current Accounts	3,424,993	443,227
Fixed Deposits Account	63,447	59,339
	3,488,440	502,566
Total	4,011,218	1,128,147
SCHEDULE 'J'- LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	13,814,798	5,375,051
Less : Provision for Doubtful Advance	792,260	-
	13,022,538	5,375,051
Advances for Capital Goods	9,331,340	5,431,603
Balance with Excise Dept.	871,999	141,507
Advance Payment of Taxes	32,722	200,971
Prepaid Expenses	358,435	343,489
Total	23,617,034	11,492,621
SCHEDULE 'K'- CURRENT LIABILITIES & PROVISIONS		
Sundry Creditors	75,528,022	20,329,724
Other Liabilities	17,018,841	38,674,461
Provision For Gratuity	2,926,401	3,087,165
Total	95,473,264	62,091,350

PENTOKEY ORGANY (INDIA) LIMITED



SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(Amt in Rs.)

	Year ended 2008-09	Year ended 2007-08
SCHEDULE 'L'- OTHER INCOME		
Interest Received	30,054	139,990
Dividend Received	75	-
Miscellaneous Income	126,708	1,486,843
Sales Tax Refund	-	103,158
Total	156,837	1,729,991
SCHEDULE 'M'- (INCREASE) / DECREASE IN STOCK		
Closing Stock		
Finished Goods	1,551,247	591,436
Work in process	981,981	-
	2,533,228	591,436
Less: Opening Stock		
Finished Goods	591,436	497,702
Work in process	-	-
	591,436	497,702
	(1,941,792)	(93,734)
SCHEDULE 'N'- MANUFACTURING & OTHER EXPENSES		
Raw Materials Consumed		
Opening Stock	1,962,780	1,962,780
Purchases (Net)	144,682,327	-
	146,645,107	1,962,780
Less : Closing Stock	16,211,312	1,962,780
	130,433,795	-
Purchase Trading	940,971	-
Packing Material	1,701,725	-
Stores Consumed	3,119,772	588,814
Freight Inward	6,499,430	8,154
Fuel & Power	21,373,811	89,816
Water Charges	1,002,326	397,086
Other Direct Expenses	4,101,446	62,510
Total	169,173,276	1,146,380

**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

(Amt in Rs.)

	Year ended 2008-09	Year ended 2007-08
SCHEDULE 'O'- EMPLOYEES EMOLUMENTS		
Salary, Wages & Bonus	8,724,091	1,926,774
Gratuity & Leave Encashment	816,584	552,260
Contribution to PF & ESIC	656,159	219,293
Staff Welfare Expenses	808,436	126,592
Total	11,005,270	2,824,919
SCHEDULE 'P'- ADMINISTRATIVE & SELLING EXPENSES		
Electricity Charges	105,258	271,249
Rent, Rates & Taxes	431,560	611,310
Insurance	481,860	418,770
Repairs & Maintenance		
1) Plant	940,109	12,447
2) Building	663,435	17,440
3) Others	238,954	55,719
	1,842,498	85,606
Legal & Professional Charges	1,561,068	1,242,304
Loss on Sale of Fixed Asset	665,353	-
Motor Car Expenses	280,736	219,251
Travelling & Conveyance Expenses	1,147,082	1,117,920
Postage & Telephone	409,814	319,772
Printing & Stationery	229,640	128,100
Security Service Charges	754,236	259,355
Donation	14,500	2,000
Provision for Doubtful Debts / Advances	1,091,761	-
Bad Debts	392,135	-
Directors Remuneration	895,683	778,206
Auditors Remuneration	165,450	112,360
Other Expenses	1,002,028	410,932
Total	11,470,662	5,977,135
SCHEDULE 'Q'- FINANCIAL COST		
Bank & Financial Institutions	-	23,833
Interest - Others	5,260,483	6,304,647
Bank Charges	159,662	48,739
Total	5,420,145	6,377,219



SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE "R"

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 issued by The Institute of Chartered Accountants of India, and 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 the management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

C) Fixed Assets and Depreciation:

- i) Fixed Assets are stated at cost net of Cenvat and Value Added Tax less accumulated depreciation including impairment loss. All cost relating to installation upto the commencement of commercial production are capitalised.
- ii) 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. The cost of leasehold land has been amortised over the lease period of 95 years.

D) Investments:

Current Investments are carried at the lower of cost and quoted/fair value.

E) Inventories:

- i) Raw Materials are valued at cost. Cost is generally arrived at on weighted average cost. Stores and spares are valued at cost.
- ii) Finished stock & 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 veiling 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 recognized and carried forward to the extent that there is a reasonable certainty or virtual certainty as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

G) Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent Liability is disclosed for:

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or;
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

H) Revenue Recognition:

- i) Sales of goods are recognised on dispatches to the customers & includes Excise Duty adjusted for discounts.
- ii) Dividends are recognised when the right to receive them is established.

I) Turnover

Turnover includes sale of goods, excise duty net of sales tax, adjusted for discounts.

J) Retirement Benefits:

Company's contribution to provident fund and family pension fund are charged to the Profit and Loss Account.

2) NOTES TO ACCOUNTS:

- A) The details in respect of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are not available with the Company. Hence the details of the principal amounts and interest, if any, payable to the suppliers as on 31st March, 2009 have not been furnished.



B) Contingent Liabilities: Claims against the Company not acknowledged as a debt: (Amt. Rs. in lacs)

Sr.No	Particulars	2008-2009	2007-2008
1	Transportation fees (Note i)	103.24	103.24
2	Minimum Demand Charges to MSEDCL (Note ii)	23.00	-
3	Water Charges (Note iii)	5.25	-
4	Workers Lock out period dues	-	75.00

- i) The State Excise Department, Govt. of Maharashtra has demanded Rs.103.24 Lacs for Transportation fess / administration charges for purchase of S.D.S., for the period 1st April, 2002 to 31st March, 2007. The Company has contested the said demand in Bombay High Court.
- ii) Minimum Demand Charges from 1st July, 2007 to the date of reconnection amounting to Rs.23 lacs, as per the demand made by MSEDCL (formerly MSED) has not been acknowledged by the Company as payable as the same has been waived in BIFR Order and the matter is subjudice in Bombay High Court.
- iii) Outstanding water charges demanded by MIDC amounting to Rs.5.25 lacs has not been provided, since as per the BIFR Order, the Company is entitled to receive refund of Rs.15.55 lacs due to concession in surcharge, delayed payment charges, fire charges and penalty & rate difference.
- C) As per the order of BIFR, the Company is entitled to get the refund of the interest and delayed payment charges charged by MSEDCL. Accordingly the Company has accounted an amount of Rs. 29.06 lacs as receivable from MSEDCL. However MSEDCL has not accepted the claim of the Company. The Company has filed a suit in Bombay High Court vide Case No. 1193 of 2008.
- D) The amount of old deposit with MSEDCL amounting to Rs.10.50 lacs has not been confirmed by the said authority. MSEDCL has adjusted the said deposit against the power dues of the Company. Further, demand made by MSEDCL (formerly MSED) amounting to Rs.23.91 lacs has been contested by the Company in Bombay High Court. As per the interim Order dated 12th June, 2008, the Company has paid Rs.11.91 lacs, which includes security deposit Rs.10.60 lacs.
- E) The value of capital work in progress pertaining to Aldehyde plant and Acetic Acid plant amounting to Rs.2.13 crores is yet be capitalized. Due to the current market condition the Company has decided not to commission said expansion till the market condition improves.
- F) Provision of Minimum Alternative Tax (115JB) has not been made in view relief granted by BIFR Order.
- G) The values of Current Assets and Loans & Advances are stated at realizable in ordinary course of the business, as stated in Balance Sheet as per the opinion of the Management of the Company.
- H) Disclosure of Segment Reporting:
The business segment has been considered as the primary segment. The only segment of the Company is manufacture of Organic Chemicals namely Acetic Acid, Ethyl Acetate & Butyl Acetate. Hence the disclosure of segmental reporting is not applicable to the Company. Further the Company's entire transactions are domestic. Hence secondary segment information is not required to be disclosed.
- I) Disclosure of Related Party:

a. List of Related Parties:

Subsidiary Companies	None
Associate Concerns	1. Vikasini Leasing & Finance Pvt. Ltd. 2. Herbika Laboratories Ltd. 3. Seagro Shipyard Engineers Ltd. 4. Sakarwadi Trading Company Pvt. Ltd. 5. Lakshmiwadi Mines & Minerals Pvt. Ltd. 6. Somaiya Agencies Pvt. Ltd. 7. Jasmine Trading Co. Pvt. Ltd. 8. Godavari Biorefineries Ltd.
Key Management Personnel	Shri Rajendra V. Shah. - Managing Director
Relatives of Key Management Personnel	Smt. Pragna R. Shah - Wife of Managing Director



b. Transactions with Related Parties:

(Rupees)

Particulars	Associates Concern		Key Management Personnel		Relatives of Key Management Personnel	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Remuneration	-	-	7,94,183	6,65,093	-	-
Sitting Fees	-	-	-	-	7,000	17,500
Interest	31,42,117	-	-	-	-	-
Purchase	8,18,68,526	-	-	-	-	-
Sales	1,52,06,967	-	-	-	-	-
Loans & advances received	5,82,90,000	10,80,000	1,00,000	34,38,000	60,000	50,000
Share Application Money	2,80,00,000	-	-	-	-	-

J) Disclosure of Earning Per Share:

	Current Year (Rupees)	Previous Year (Rupees)
Net Profit / (Loss) for the year before Exceptional Items and after Tax.	82,83,636	(2,46,40,792)
Net Profit for the year	67,18,957	1,50,78,111
No. of weighted Average Equity Shares of Rs.10/- each.	53,73,511	28,34,333
No. of Diluted Equity Shares	-	92,97,571
Earning Per Share Before Exceptional Items		
- Basic	1.54	(8.69)
- Diluted	1.54	(2.65)
Earning Per Share After Exceptional Items		
- Basic	1.25	5.32
- Diluted	1.25	1.62

K) Deferred Tax:

	As At 31st March, 2009 Rupees	As At 31st March, 2008 Rupees
Deferred Tax Liability (DTL)		
On account of difference in depreciation	1,08,89,130	1,34,71,420
Deferred Tax Asset (DTA)		
On Account of Section 43B, 40(ia) of Income Tax Act, 1961, B/f Losses *	1,39,79,130	97,33,044
Balance DTL / (DTA)	(30,90,000)	37,38,376
On Account of Carried forward unabsorbed depreciation to the extent of balance deferred tax liability.	-	37,38,376
Net Deferred Tax Liability / (Asset)	(30,90,000)	Nil

* In view of substantial brought forward losses, the deferred tax asset has been recognized on the basis of virtual certainty of profit in the immediate future.

L) The amount of Interest on Loans capitalized regarding expansion project during the year was Rs.13.03 lacs as on 31st March, 2009.

M) Disclosure of additional information pursuant of the provisions of paragraph 3,4C and 4D of part II Schedule VI to the Companies Act, 1956, to the extent applicable.

Particulars	Unit	Current Year		Previous Year	
		Quantity	Value(Rs)	Quantity	Value(Rs)
1 Installed Capacity :					
(As certified by Management)					
(Licensed Cap-not Applicable)					
Acetic Acid	MT	7000.000		7000.000	
Ethyl Acetate / Butyl Acetate	MT	5000.000		5000.000	
2 Actual Production (Qty):					
Acetic Acid	MT	686.788		-	
Ethyl Acetate	MT	4405.318		-	
Acetaldehyde	MT	706.216		-	
Total :		5798.322		-	
*Includes Captive Consumption:					
Acetic Acid	MT	244.923		-	
Ethyl Acetate	MT	21.591		-	
Acetaldehyde	MT	558.666		-	



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Particulars	Unit	Current Year		Previous Year		
		Quantity	Value(Rs)	Quantity	Value(Rs)	
3 Turnover: (Manufactured)						
Acetic Acid	MT	441.865	18130576	-	-	
Ethyl Acetate	MT	4356.170	187759904	-	-	
Acetaldehyde	MT	147.530	5587051	-	-	
Misc sales		-	1566799	-	-	
Total :			213044330		-	
4 Closing Stock :						
Ethyl Acetate	MT	37.102	1551247	9.545	560049	
Weak acid	MT	14.600	-	14.600	31387	
Total :			1551247		591436	
5 Opening Stock :						
Acetic Acid	MT	-	-	-	-	
Ethyl Acetate	MT	9.545	560049	9.545	466315	
Weak acid	MT	14.600	31387	14.600	31387	
Total :			591436		497702	
6 Consumption of Raw Materials:						
Ethyl Alcohol	KL	4268.760	65991223	-	-	
Acetic Acid (R. M.)	MT	2839.351	63456481	-	-	
Crotonaldehyde	MT	3.987	502569	-	-	
Other Chemicals			483522	-	-	
Total :			130433795		-	
7 Consumption of Imported / Indigenous Raw Materials and Stores & Spares :						
			Value (Rs)	% age	Value (Rs)	% age
Imported			-	0%	-	0%
Indigenous - Raw Materials			130433795	100%	-	0%
Total Raw Material Consumption			130433795	100%	-	0%
Stores & Spares			3119772	100%	588814	100%
8. Auditors Remuneration						
Audit Fees			110,300		84,270	
Tax Audit Fees			55,150		-	
Other Matters			-		28,090	
Total			1,65,450		1,12,360	
9. Directors Remuneration						
Salaries and Perquisites			7,48,103		6,71,294	
Company's Contribution to PF			46,080		54,412	
Board Sitting Fees			101,500		52,500	
Total			8,95,683		7,78,206	
10 The Company has not incurred any expenditure in foreign currency during the previous year.						
N) BIFR vide its Order dated 26th September, 2007 sanctioned the Rehabilitation Scheme to the Company taking cut-off date as 31st March, 2007. The scheme envisages various reliefs & concessions such as reduction of share capital by 75%, to waive & write back 40% of the amount payable to unsecured creditors, waiver of DPC, interest, penal interest, minimum demand charges by MSEDCL (formerly MSEB) & MIDC and other reliefs & concessions by government authorities as detailed in the scheme sanctioned by BIFR Order. The Company has implemented the scheme and the effect of the scheme is given in the books of accounts. Equity share capital amount of Rs.280 Lacs has been brought in as per the scheme.						
O) Estimated value of contracts remaining to be executed on capital account and not provided for in the accounts as at 31st March, 2009 was Rs.37.92 lacs (Previous year Rs.81.00 lacs) .						
P) The figures of the previous year have been re-grouped and rearranged wherever necessary so as to make them comparable with those of the current financial year.						

Signature to Schedule 'A' to 'R'

For Desai Saksena & Associates
Chartered Accountants

For and on behalf of the Board of Directors

sd/-
Dr. S.N. Desai
Partner
M.N.32546

sd/-
Priyanka Jain
Company Secretary

sd/-
Rajendra V. Shah
Chairman & Managing Director

sd/-
Devendra J. Shrimanker
Director

Place : Mumbai
Dated : 20th May, 2009

Place: Mumbai
Dated : 20th May, 2009



Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and company's general business profile

I Registration details

Registration No	State Code
11 - 41681 - 1986	11

Balance Sheet Date 31 - 03 - 2009

II Capital Raised during the year (Amount Rs. in Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	28000

III Position of Mobilisation & Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	Total Assets
196161	196161

Sources of Funds

Paid up Capital	Reserves & Surplus
56343	3000
Secured Loans	Unsecured Loans
4139	
Net Fixed Assets	Investments
101232	006
Net Current Assets	Misc Expenditure
-38155	0000
Accumulated Losses	
34515	

IV Performance of the company (Amount Rs. in Thousands)

Turnover	Total Expenditure
213201	206338
Profit/Loss before Tax	Profit/Loss after Tax
6863	6719
Earning per Share Rs.(Basic)	Dividend
1.25	NIL

V Generic Names of Three Principal Products (as per monetary terms)

Item Code No (ITC code)	29152100
Product Description	ACETICACID
Item Code No (ITC code)	29153100
Product Description	ETHYLACETATE
Item Code No (ITC code)	29121200
Product Description	ACETALDEHYDE

For and on behalf of the Board

sd/-
RAJENDRA V SHAH
Chairman & Managing Director

sd/-
DEVENDRA J. SHRIMANKER
Director

Mumbai
Dated : 20th May, 2009