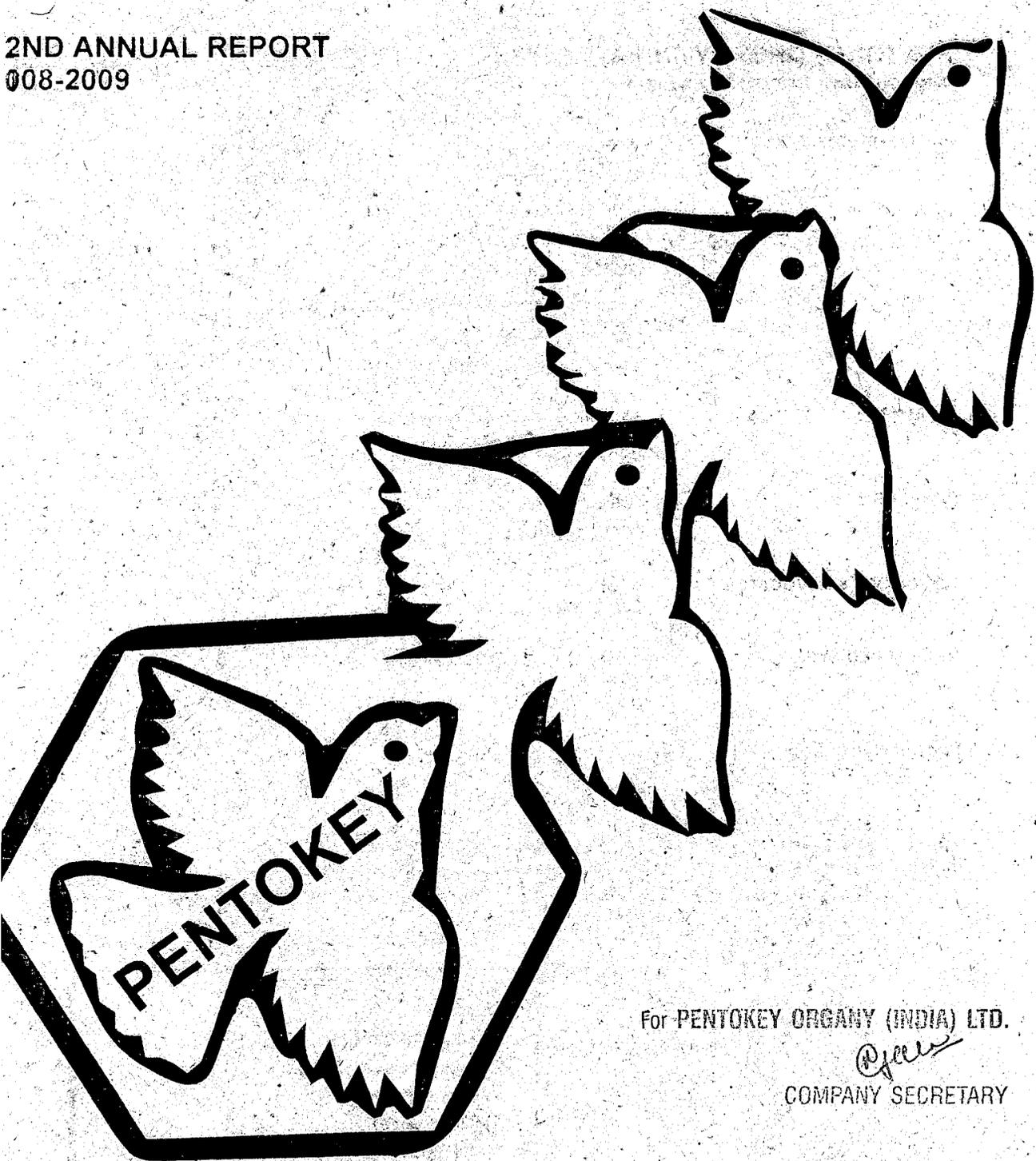


2ND ANNUAL REPORT  
008-2009



For PENTOKEY ORGANY (INDIA) LTD.

*[Handwritten Signature]*

COMPANY SECRETARY

# PENTOKEY ORGANY (INDIA) LIMITED

22ND ANNUAL REPORT 2008-2009

## BOARD OF DIRECTORS

Shri Rajendra V. Shah - Chairman & Managing Director  
Shri Ajai O. Bhambi - Special Director- BIFR  
Smt. Pragna R. Shah  
Dr. Sampatraj B. Chandaliã  
Shri Devendra J. Shrimanker  
Shri Vinay Venkatesh Joshi  
Shri Girish M. Kajariã  
Shri Shyam Chaitan Balsekar

## AUDITORS

M/s. Desai Saksena & Associates  
Chartered Accountants

## BANKERS

Bank of India  
HDFC Bank Limited

## SOLICITORS & ADVOCATES

Gagrats  
Dhir & Dhir Associates

## REGISTERED OFFICE

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

## FACTORY

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

## REGISTRAR & SHARE TRANSFER AGENTS

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

## CONTENTS

|   |    |
|---|----|
| Notice .....                              | 1  |
| Directors' Report .....                   | 2  |
| Corporate Governance .....                | 5  |
| Auditors' Report .....                    | 10 |
| Balance Sheet .....                       | 12 |
| Profit & Loss Account .....               | 13 |
| Cash Flow Statement .....                 | 14 |
| Schedules .....                           | 15 |
| Balance Sheet Abstract<br>& Profile ..... | 24 |



**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

**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

**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<br>2008-2009 | Financial Year<br>2007-2008 |
|--|-----------------------------|-----------------------------|
| Gross Income   | 2132.01                     | 17.30                       |
| Profit/(Loss) before Interest and<br>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<br>(Provisions/Balances Written Off Back) | (12.77)                     | 117.23                      |
| Add/(Less): Extraordinary item<br>(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 along with 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

**RAJENDRA V. SHAH**  
Chairman & Managing Director

Place : Mumbai  
Date : 20th May, 2009

# PENTOKEY ORGANY (INDIA) LIMITED



## 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<br>2008-09 | PREVIOUS YEAR<br>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

**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.

**Table 1:**

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



# PENTOKEY ORGANY (INDIA) LIMITED

## 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<br>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**

Pentacokey 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 &amp; 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 &amp; Transfer Agents:

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

# PENTOKEY ORGANY (INDIA) LIMITED



## 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                    |
| <b>Total</b>  | <b>5634333</b>        | <b>100.00</b>            | <b>2834333</b>        | <b>100.00</b>            |

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

| Shares Range |            | No. of Shares  | % to Capital  | No. of Holders | % to No. of Holders |
|--------------|------------|----------------|---------------|----------------|---------------------|
| From         | To         |                |               |                |                     |
| 1            | 500        | 625301         | 11.10         | 18458          | 99.42               |
| 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                |
| <b>Total</b> |            | <b>5634333</b> | <b>100.00</b> | <b>18565</b>   | <b>100.00</b>       |

### 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

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

# PEN TOKEY ORGANY (INDIA) LIMITED



## AUDITORS' REPORT

TO THE MEMBERS OF:  
PEN TOKEY ORGANY (INDIA) LIMITED

1. We have audited the attached Balance Sheet of **PEN TOKEY 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

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 networth. 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

**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<br>March, 2009 | As at 31st<br>March, 2008 |
|---|----------|---------------------------|---------------------------|
| <b>SOURCES OF FUNDS</b>                     |          |                           |                           |
| <b>Shareholders' Fund</b>                   |          |                           |                           |
| Share Capital                               | A        | 56,343,330                | 28,343,330                |
| Reserves & Surplus                          | B        | 3,000,000                 | 3,000,000                 |
| <b>Loan Funds</b>                           |          |                           |                           |
| Secured Loans                               | C        | 4,138,750                 | 32,845,997                |
| Unsecured Loans                             | D        | 37,205,572                | 13,968,440                |
| <b>TOTAL</b>                                |          | <b>100,687,652</b>        | <b>78,157,767</b>         |
| <b>APPLICATION OF FUNDS</b>                 |          |                           |                           |
| <b>Fixed Assets</b>                         |          |                           |                           |
| Gross Block                                 | E        | 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                |
| <b>Investments</b>                          |          |                           |                           |
| Investments                                 | F        | 5,500                     | 5,500                     |
| <b>Current Assets, Loans &amp; Advances</b> |          |                           |                           |
| 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                |
| <b>TOTAL</b>                                |          | <b>100,687,652</b>        | <b>78,157,767</b>         |

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

Dr. S.N.Desai

Partner

M.N. 32546

For and on behalf of the Board of Directors

Rajendra V. Shah  
Managing Director

Devendra J. Shrimanker  
Director

Place : Mumbai

Dated : 20th May, 2009

Place : Mumbai

Dated : 20th May, 2009

Priyanka Jain

Company Secretary



## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Amt in Rs.)

| Particulars                                       | Schedule | Year ended<br>2008-09 | Year ended<br>2007-08 |
|---|----------|-----------------------|-----------------------|
| <b>INCOME</b>                                     |          |                       |                       |
| Sales   |          |                       |                       |
| Gross Sales                                       |          | 235,678,176           |                       |
| Less: Excise Duty                                 |          | 22,633,846            |                       |
|   |          | 213,044,330           |                       |
| Other Income                                      | L        | 156,837               | 1,729,991             |
| <b>TOTAL</b>                                      |          | <b>213,201,167</b>    | <b>1,729,991</b>      |
| <b>EXPENDITURE</b>                                |          |                       |                       |
| (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            |
| <b>TOTAL</b>                                      |          | <b>205,061,585</b>    | <b>26,235,783</b>     |
| Profit / (Loss) Before Tax & Exceptional Items    |          | 8,139,582             | (24,505,792)          |
| <b>Exceptional Items</b>                          |          |                       |                       |
| Sundry Balances Written Back - (Net)              |          | 214,988               | 11,723,814            |
| Excess Depreciation Written Back - Net            |          | 210,885               |                       |
| Reliefs & Concessions as per BIFR Order           |          |                       | 27,995,089            |
| Retrenchment Compensation                         |          | (1,702,444)           |                       |
| Net Profit / (Loss) Before Tax                    |          | 8,663,011             | 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)          |
| <b>Earnings Per Share</b>                         |          |                       |                       |
| (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

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

As per our Report of even date annexed

For Desai Sakshena &amp; Associates

Chartered Accountants

Dr. S.N.Desai

Partner

M.N. 32546

Place : Mumbai

Dated : 20th May, 2009

For and on behalf of the Board of Directors

Rajendra V. Shah

Managing Director

Devendra J. Shrimanker

Director

Place : Mumbai

Dated : 20th May, 2009

Priyanka Jain

Company Secretary

# PENTOKEY ORGANY (INDIA) LIMITED



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

(Amt in Rs.)

| Particulars  | Year ended<br>2008-09 | Year ended<br>2007-08 |
|--|-----------------------|-----------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>           |                       |                       |
| 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 | <b>21,331,481</b>     | <b>(49,744,391)</b>   |
| 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           | <b>21,402,415</b>     | <b>(10,160,488)</b>   |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>           |                       |                       |
| 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       | <b>(35,629,084)</b>   | <b>185,887</b>        |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>           |                       |                       |
| 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       | <b>17,109,740</b>     | <b>7,224,611</b>      |
| 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

**Dr. S.N.Desai**

Partner

M.N. 32546

Place : Mumbai

Dated : 20th May, 2009

For and on behalf of the Board of Directors

**Rajendra V. Shah**

Managing Director

Place : Mumbai

Dated : 20th May, 2009

**Devendra J. Shrimanker**

Director

**Priyanka Jain**

Company Secretary



## SCHEDULES FORMING PART OF BALANCE SHEET

(Amt in Rs.)

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

# 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<br>March, 2008 | Addition         | As at 31st<br>March, 2009 | As at 31st<br>March, 2008 | For The<br>Year    | Adjustment<br>on Sales | Total Dep.<br>for the Year | As at 31st<br>March, 2009 | As at 31st<br>March, 2009 | As at 31st<br>March, 2008 |                   |
| <b>A) Tangible Assets</b>   |                           |                  |                           |                           |                    |                        |                            |                           |                           |                           |                   |
| Land (Leasehold)            | 987,872                   |                  | 987,872                   | 166,393                   | 10,400             |                        | 10,400                     | 1,76,793                  | 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                 | 127,195            | 826,433                | 127,195                    | 1,412,009                 |                           | 781,663                   |                   |
| <b>B) Intangible Assets</b> |                           |                  |                           |                           |                    |                        |                            |                           |                           |                           |                   |
| 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                    |                           |                           |                   |
| <b>TOTAL</b>                | <b>199,323,319</b>        | <b>1,817,264</b> | <b>1,480,901</b>          | <b>199,659,682</b>        | <b>142,583,311</b> | <b>9,934,024</b>       | <b>826,433</b>             | <b>9,934,024</b>          | <b>151,690,902</b>        | <b>47,968,780</b>         | <b>56,740,008</b> |
| 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                |                           | 49,221,571        |
| <b>TOTAL</b>                |                           |                  |                           |                           |                    |                        |                            |                           |                           | <b>101,232,225</b>        | <b>75,961,579</b> |

## SCHEDULES FORMING PART OF BALANCE SHEET

(Amt in Rs.)

| Particulars   | As at 31st<br>March, 2009 | As at 31st<br>March, 2008 |
|---|---------------------------|---------------------------|
| <b>SCHEDULE 'F' - INVESTMENTS</b>   |                           |                           |
| Current Investment  |                           |                           |
| Quoted Investment   |                           |                           |
| 1) 50 (P.Y. 50) Equity Shares of Rs.100/- each fully paid up of State Bank of India<br>[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                       |
| <b>Total</b>  | <b>5,500</b>              | <b>5,500</b>              |

## SCHEDULE 'G' - CLOSING STOCK

(As taken, valued and certified by the management)

|                 |                   |                  |
|-----------------|-------------------|------------------|
| Raw Materials   | 16,211,312        | 1,962,780        |
| Work In Process | 981,984           |                  |
| Finished Goods  | 1,551,247         | 591,436          |
| Stores & Spares | 4,975,896         | 3,244,248        |
| <b>Total</b>    | <b>23,720,436</b> | <b>5,798,464</b> |



## SCHEDULES FORMING PART OF BALANCE SHEET

(Amt in Rs.)

| Particulars | As at 31st<br>March, 2009 | As at 31st<br>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          |
| <b>Total</b>                       | <b>5,969,994</b> | <b>1,539,340</b> |

**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          |
| <b>Total</b>                 | <b>4,011,218</b> | <b>1,128,147</b> |

**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           |
| <b>Total</b>  | <b>23,617,034</b> | <b>11,492,621</b> |

**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         |
| <b>Total</b>           | <b>95,473,264</b> | <b>62,091,350</b> |

# PENTOKEY ORGANY (INDIA) LIMITED



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(Amt in Rs.)

|   | Year ended<br>2008-09 | Year ended<br>2007-08 |
|---|-----------------------|-----------------------|
| <b>SCHEDULE 'L'- OTHER INCOME</b>                       |                       |                       |
| Interest Received                                       | 30,054                | 139,990               |
| Dividend Received                                       | 75                    |                       |
| Miscellaneous Income                                    | 126,708               | 1,486,843             |
| Sales Tax Refund  |                       | 103,158               |
| <b>Total</b>  | <b>156,837</b>        | <b>1,729,991</b>      |
| <b>SCHEDULE 'M'- (INCREASE) / DECREASE IN STOCK</b>     |                       |                       |
| <b>Closing Stock</b>                                    |                       |                       |
| Finished Goods  | 1,551,247             | 591,436               |
| Work in process   | 981,981               | 31,158                |
|   | 2,533,228             | 591,436               |
| <b>Less: Opening Stock</b>                              |                       |                       |
| Finished Goods  | 591,436               | 497,702               |
| Work in process   |                       |                       |
|   | 591,436               | 497,702               |
|   | <b>(1,941,792)</b>    | <b>(93,734)</b>       |
| <b>SCHEDULE 'N'- MANUFACTURING &amp; OTHER EXPENSES</b> |                       |                       |
| <b>Raw Materials Consumed</b>                           |                       |                       |
| 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                |
| <b>Total</b>  | <b>169,173,276</b>    | <b>1,146,380</b>      |



## SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

(Amt in Rs.)

|  | Year ended<br>2008-09 | Year ended<br>2007-08 |
|--|-----------------------|-----------------------|
| <b>SCHEDULE 'O'- EMPLOYEES EMOLUMENTS</b>                  |                       |                       |
| 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               |
| <b>Total</b>   | <b>11,005,270</b>     | <b>2,824,919</b>      |
| <b>SCHEDULE 'P'- ADMINISTRATIVE &amp; SELLING EXPENSES</b> |                       |                       |
| 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                |
|  | <b>1,842,498</b>      | <b>85,606</b>         |
| 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               |
| <b>Total</b>   | <b>11,470,662</b>     | <b>5,977,135</b>      |
| <b>SCHEDULE 'Q'- FINANCIAL COST</b>                        |                       |                       |
| Bank & Financial Institutions                              |                       | 23,833                |
| Interest - Others  | 5,260,483             | 6,304,647             |
| Bank Charges   | 159,662               | 48,739                |
| <b>Total</b>   | <b>5,420,145</b>      | <b>6,377,219</b>      |



## 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.



## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Amt in Rs.)

| Particulars   | Schedule | Year ended<br>2008-09 | Year ended<br>2007-08 |
|---|----------|-----------------------|-----------------------|
| <b>INCOME</b>   |          |                       |                       |
| Sales   |          |                       |                       |
| Gross Sales   |          | 235,678,176           |                       |
| Less: Excise Duty   |          | 22,633,846            |                       |
|   |          | <u>213,044,330</u>    |                       |
| Other Income  | L        | 156,837               | 1,729,991             |
| <b>TOTAL</b>  |          | <u>213,201,167</u>    | <u>1,729,991</u>      |
| <b>EXPENDITURE</b>  |          |                       |                       |
| (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            |
| <b>TOTAL</b>  |          | <u>205,061,585</u>    | <u>26,235,783</u>     |
| Profit/(Loss) Before Tax & Exceptional Items                        |          | 8,139,582             | (24,505,792)          |
| <b>Exceptional Items</b>  |          |                       |                       |
| 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             | 15,213,117            |
| Provision for Fringe Benefit Tax                                    |          | (144,054)             | (135,000)             |
| Profit/(Loss) after Tax   |          | 6,718,957             | 15,078,117            |
| Less/Add: Balance brought forward                                   |          | (44,323,466)          | (249,914,252)         |
|   |          | <u>(37,604,509)</u>   | <u>(234,836,134)</u>  |
| Add: Deferred Tax Initial Recognition                               |          | 3,090,000             |                       |
| Add: Reduction in Share Capital as per BIFR Order                   |          |                       | 76,263,490            |
| Add: Transfer from Capital Reserve                                  |          |                       | 112,249,185           |
| Balance Carried to Balance Sheet                                    |          | <u>(34,514,509)</u>   | <u>(44,323,466)</u>   |
| <b>Earnings Per Share</b><br>(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 Sakseña & Associates  
Chartered Accountants

For and on behalf of the Board of Directors

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

Rajendra V. Shah  
Managing Director

Devendra J. Shrimanker  
Director

Place : Mumbai  
Dated : 20th May, 2009

Place : Mumbai  
Dated : 20th May, 2009

Priyanka Jain  
Company Secretary



# PENTOKEY ORGANY (INDIA) LIMITED

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

(Amt in Rs.)

| Particulars  | Year ended<br>2008-09 | Year ended<br>2007-08 |
|--|-----------------------|-----------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>           |                       |                       |
| 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 | <b>21,331,481</b>     | <b>(49,744,391)</b>   |
| 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           | <b>21,402,415</b>     | <b>(10,160,488)</b>   |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>           |                       |                       |
| 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       | <b>(35,629,084)</b>   | <b>185,887</b>        |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>           |                       |                       |
| 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       | <b>17,109,740</b>     | <b>7,224,611</b>      |
| 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

Dr. S.N.Desai

Partner

M.N. 32546

Place : Mumbai

Dated : 20th May, 2009

For and on behalf of the Board of Directors

Rajendra V. Shah

Managing Director

Place : Mumbai

Dated : 20th May, 2009

Devendra J. Shrimanker

Director

Priyanka Jain

Company Secretary



## 22ND ANNUAL REPORT 2008-2009

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 fees / 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 to 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.<br>2. Herbika Laboratories Ltd.<br>3. Seagro Shipyard Engineers Ltd.<br>4. Sakarwadi Trading Company Pvt. Ltd.<br>5. Lakshmiwadi Mines & Minerals Pvt. Ltd.<br>6. Somaiya Agencies Pvt. Ltd.<br>7. Jasmine Trading Co. Pvt. Ltd.<br>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  |

# PENTOKEY ORGANY (INDIA) LIMITED



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<br>(Rupees) | Previous Year<br>(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<br>Rupees | As At 31st March, 2008<br>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:<br>(As certified by Management)<br>(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      | -         | -             | -         |



## 22ND ANNUAL REPORT 2008-2009

| 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 :   |      |                   |              |                   |              |
|  |      | <b>Value (Rs)</b> | <b>% age</b> | <b>Value (Rs)</b> | <b>% age</b> |
| 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 relief's & 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 relief's & 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

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

**Priyanka Jain**  
Company Secretary

**Rajendra V. Shah**  
Chairman & Managing Director

**Devendra J. Shrimanker**  
Director

Place : Mumbai  
Dated : 20th May, 2009

Place: Mumbai  
Dated : 20th May, 2009

# PENTOKEY ORGANY (INDIA) LIMITED



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    | 11 - 41681 - 1986 | State Code | 11 |
| Balance Sheet Date | 31-03-2009        |            |    |

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

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

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

|                   |        |              |        |
|-------------------|--------|--------------|--------|
| Total Liabilities | 196161 | Total Assets | 196161 |
|-------------------|--------|--------------|--------|

#### Sources of Funds

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

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

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

**RAJENDRA V SHAH**  
Chairman & Managing Director

**DEVENDRA J. SHRIMANKER**  
Director

Mumbai  
Dated : 20th May, 2009

# PENTOKEY ORGANY (INDIA) LIMITED

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

## Attendance Slip

I/We hereby record my/our presence at the 22nd Annual General Meeting held at Fazalbhoj Building, 45/47, M. G. Road, Fort, Mumbai - 400 001, on Tuesday, the 28th July, 2009 at 4.00 p. m.

Shareholder/Proxy :

(Surname)

(First Name)

(Second Name)

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

Signature of Shareholder/Proxy :

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

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

# PENTOKEY ORGANY (INDIA) LIMITED

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

## Form of Proxy

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

Being Member/Members of Pentokey Organy (India) Limited

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

of \_\_\_\_\_

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

as my/our proxy to attend and vote for me/us on my/our behalf at the 22nd Annual General Meeting of the Company to be held at Fazalbhoj Building, 45/47, M. G. Road, Fort, Mumbai - 400 001, on Tuesday, the 28th July, 2009 at 4.00 p. m. or at any adjournment thereof.

Signed this the \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Affix  
1 Rupee  
Revenue  
Stamp

Signature of the shareholder(s).

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

**BOOK-POST**

To.

*If undelivered, please return to:*

**DATAMATICS FINANCIAL SERVICES LIMITED**

(Unit: Pentokey Organy (India) Limited)

Plot No. B-5, MIDC ,

Part B, Cross Lane, Andheri (East)

Mumbai – 400 093