



ANNUAL REPORT 2011-12

BOARD OF DIRECTORS

Mahendra Turakhia	Chairman & Managing Director
Kishore Turakhia	Promoter/Executive Director
Rajesh Turakhia	Promoter/Executive Director
Kiritkumar M Doshi	Non Executive and Independent Director
Bharatkumar R Desai	Non Executive and Independent Director
Radheshyam R Tawani	Non Executive and Independent Director

REGISTERED OFFICE

B6 & B7, Sector – C, Industrial Estate,
Sanwer Road, Indore (MP)

CORPORATE OFFICE

1, Kapadia Chamber, 1st Cinema Road,
Mumbai – 400 020

BANKERS

Yes Bank Ltd,
Horniman Circle, Mumbai

AUDITORS

M/s P. B. Meththa & Associates
Chartered Accountants

COMPLIANCE OFFICER

Chandrakant A Shah

PLANT

B6 & B7, Sector – C, Industrial Estate,
Sanwer Road, Indore (MP)

SHARE TRANSFER AGENTS

Purva Share Registry (I) Pvt Ltd
Shivshakti Industrial Estate,
Unit No. 9, 7/B, Sitaram Mill Compound,
J R Boricha Marge, Lower Parel, Mumbai 400 011

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NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **Panchsheel Organics Limited** will be held on Saturday 29th September, 2012 at the Registered Office of the Company at B-6 & B-7, Sector-C, Industrial Area, Sanwer Road, Indore-452015, Madhya Pradesh at 11.30 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended as on that date along with Schedules and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kishore A Turakhia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kirit M Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. P B Mehta & Associates, Chartered Accountants, the retiring Auditors as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till Conclusion of Next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act and such other consents as may be required from various bodies, the consent of the member be and is hereby accorded to the Company for appointment of Mr. Mahendra A Turakhia as a Chairman cum Managing Director of the Company and payment of remuneration on the terms and conditions and remuneration (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term) as provided herein with effect from 01st April, 2012.

Terms of Appointment

Mr. Mahendra A Turakhia appointed as a Chairman & Managing Director of the Company for a period of 3 (Three) years commencing from 1st April, 2012 to 31st March, 2015 (both days inclusive) at a remuneration upto Rs.25,20,000/- (Rupees Twenty Five Lacs Twenty Thousand Only) per Annum (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term).

Additional Terms

The remuneration is inclusive of Salary and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement, leave travel concession for self and family, club fees, medical/accident insurance, and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.



For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Benefits under the Provident Fund Scheme, the Company's Pension/Superannuation Fund Scheme in accordance with the Company's rule and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income Tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration as aforesaid.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Minimum Remuneration

Notwithstanding anything contained herein, where in any financial year during the currency of the tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized or cause to do all the acts, deeds and things and execute all such documents, instruments and writing as may be required to give effect to the aforesaid resolution.”

6. To consider and if thought fit to pass, with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act and such other consents as may be required from various bodies, the consent of the member be and is hereby accorded to the Company for payment of revised remuneration to Mr. Kishore A Turakhia – Executive Director on the terms and conditions and remuneration (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term) as provided herein with effect from 01st April, 2012.

Terms of Appointment

Mr. Kishore A Turakhia appointed as a Executive Director of the Company for a period of 3 (Three) years commencing from 15th November, 2010 to 14th November, 2013 (both days inclusive) and at a remuneration upto Rs.24,00,000/- (Rupees Twenty Four Lacs Only) per Annum w.e.f 1st April, 2012 (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term).

Additional Terms

The remuneration is inclusive of Salary and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement, leave travel concession for self and family, club fees, medical/accident insurance, and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.



For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Benefits under the Provident Fund Scheme, the Company's Pension/Superannuation Fund Scheme in accordance with the Company's rule and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income Tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration as aforesaid.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Minimum Remuneration

Notwithstanding anything contained herein, where in any financial year during the currency of the tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized or cause to do all the acts, deeds and things and execute all such documents, instruments and writing as may be required to give effect to the aforesaid resolution.”

7. To consider and if thought fit to pass, with or without modifications, the following resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act and such other consents as may be required from various bodies, the consent of the member be and is hereby accorded to the Company for payment of revised remuneration to Mr. Rajesh A Turakhia – Executive Director on the terms and conditions and remuneration (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term) as provided herein with effect from 01st April, 2012.

Terms of Appointment

Mr. Rajesh A Turakhia appointed as a Executive Director of the Company for a period of 3 (Three) years commencing from 15th November, 2010 to 14th November, 2013 (both days inclusive) and at a remuneration upto Rs. 24,00,000/- (Rupees Twenty Four Lacs Only) per Annum w.e.f 1st April, 2012 (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term).

Additional Terms

The remuneration is inclusive of Salary and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement, leave travel concession for self and family, club fees, medical/accident insurance, and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors.



For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Benefits under the Provident Fund Scheme, the Company's Pension/Superannuation Fund Scheme in accordance with the Company's rule and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income Tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration as aforesaid.

Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Minimum Remuneration

Notwithstanding anything contained herein, where in any financial year during the currency of the tenure, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized or cause to do all the acts, deeds and things and execute all such documents, instruments and writing as may be required to give effect to the aforesaid resolution.”

Registered Office:

B-6 & B-7, Sector-C

Industrial Area

Sanwer Road

Indore-452015

Madhya Pradesh

By Order of the Board of Directors

Mahendra A. Turakhia

Chairman and Managing Director

Place: Indore

Date: 01/09/2012

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The explanatory statement pursuant to Section 173 of the Companies Act, 1956, as amended (the “Companies Act”), with respect to Item Nos. 5 to 7 of the notice set out above are annexed hereto.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Members who hold shares in electronic form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting to facilitate identification of membership at the meeting. Members are requested to bring their attendance slip along with their copy of the annual report to the meeting.
7. Members are requested to notify immediately any change in their address to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company.
8. The Register of Members and the Share Transfer Book of the Company will remain closed from **26th September, 2012 to 29th September, 2012 (Both days inclusive)** for the purpose of Annual General Meeting.
9. Details of the directors to be appointed and who are seeking re-appointment, as stipulated under Clause 49 of the Listing Agreement is annexed hereto.
10. The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their Depository Participants and to intimate the same to the Registrar and Share Transfer Agent of the Company at Purva Share Registry (India) Pvt. Ltd at 9, Shiv Shakti Industrial Estate, J R Boricha Marg, Lower Parel (East), Mumbai – 400 011.
11. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting

ANNEXURE TO NOTICE

Information under Clause 49 of the Listing Agreement with respect to Directors seeking appointment/re-appointment in this Annual General Meeting.

Sr. No.	Particular	Directors		
		Mr. Kishore A Turakhia	Mr. Kirit Doshi	Mr. Mahendra A Turakhia
1.	Name	Mr. Kishore A Turakhia	Mr. Kirit Doshi	Mr. Mahendra A Turakhia
2.	Date of Birth	12/06/1954	14/11/1954	25/12/1945
3.	Profession	Business	Business	Business
4.	Qualification	B.Com	B.Com	BSC
5.	List of other Directorship Held excluding Private Companies	NIL	NIL	NIL
6.	Chairman/Member of the Committee of Board of Directors of the Company	2	1	NIL
7.	Chairman / Member of the Committee of Board of Directors of other Companies.	NIL	NIL	NIL

EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956) INCLUDING ADDITIONAL INFORMATION IN TERMS OF SUB CLAUSE (iv) OF THE PROVISIO TO SUB-PARAGRAPH (B) OF PARAGRAPH (1) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 IS FURNISHED BELOW:

ITEM NO 5 TO 7

The Board of Directors in its meeting held on 15th May, 2012 re-appointed Mr. Mahendra Turakhia as a Chairman and Managing Director of the Company with effect from 1st April, 2012.

1. General Information

Nature of Industry:

Panchsheel Organics Limited (“the Company”) is into Bulk Drugs and Pharmaceutical Industry

Date or expected date of commencement of commercial production:

The Company was incorporated on August 02, 1989 under the Companies Act, 1956 as a Private limited Company and it started commercial production thereafter.

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable.



Financial Performance for Financial Year 31.03.2012:

Particulars	Year ended 31.03.2012
Income for the year	30,26,47,221
Profit before Interest, Depreciation and Tax	3,52,16,805
Finance Charges	45,05,456
Profit before Depreciation and Taxes	3,07,11,349
Depreciation	49,58,773
Provisions for Taxation/ Deferred Tax	75,66,401
Prior Period Items / Extra Ordinary Items	-
Net Profit/(Loss) for the Current Year	1,81,86,175
Earlier Years Balance Brought forward	7,69,71,809
Balance carried to Balance Sheet	9,51,26,538

Export Performance and foreign exchange earned:

Export sales and foreign exchange earned for Financial Year 31st March, 2012 is Rs. 2,36,96,554/- and Rs.1,54,33,942/-.

Foreign investments or collaborations, if any:

Nil

2. Information about the Appointees:

Background details, Job Profile and suitability:

Mr. Mahendra A Turakhia, 67, holds a Degree of Bachelors in Science. He is the Managing Director of the Company. Mr. Mahendra A Turakhia looks after the overall operations of the Company.

Mr. Kishore A. Turakhia, 58, holds a Degree of Bachelors in Commerce. He is the Executive Director of the Company. Mr. Kishore A Turakhia looks after the day to day operations of the Company and finance matter.

Mr. Rajesh A. Turakhia, 54, holds a Degree of Bachelors in Commerce. He is the Executive Director of the Company. Mr. Rajesh A Turakhia looks after the day to day operations of the Company.

Past remuneration:

Remuneration paid to the Mr. Mahendra A Turakhia, Managing Director of the Company is Rs.7,20,000/- Per Annum

Remuneration paid to the Mr. Kishor A Turakhia, Director of the Company is Rs.5,80,000/- Per Annum

Remuneration paid to the Mr. Rajesh A Turakhia, Director of the Company is Rs.5,80,000/- Per Annum

Recognition & Awards:

Nil

**Job Profile and his suitability:**

Mr. Mahendra A Turakhia has enriched experience of more than 42 years in Pharmaceutical Industry. He has vast and varied experience in virtually every area in the pharmaceuticals industry and over the years has earned the respect of a wide network of contacts in all over India and abroad. He established panchsheel organics limited, in 1989. Presently, Mr. Mahendra Turakhia is the group chairman. He oversees the operation of the Group as a whole and lends valuable inputs to group strategies and plans based on his wide experience in Indian Pharma industry. His background and experience makes him a qualified expert in all core areas of the company's operations.

Mr. Kishor A Turakhia is one of the Promoter of Panchsheel Organics Limited and has rich experience in the Pharmaceuticals industry as well as in finance. He oversees business development and contributes to evolving new growth strategies.

Mr. Rajesh A Turakhia, is one of the Promoter of Panchsheel Organics Limited and has rich experience in the pharmaceuticals industry and he holds Degree in Bachelors of Commerce.

Remuneration Proposed for the year 2011-12:

As per details given in Resolution of the Notice

Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

Taking into consideration the size of the Company, the profile of Mr. Mahendra A Turakhia, Managing Director, Mr. Kishore A Turakhia and Mr. Rajesh A Turakhia Executive Directors of the Company, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid are commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

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

Mr. Mahendra A Turakhia, Chairman & Managing Director, Mr. Kishore A Turakhia and Mr. Rajesh A Turakhia, Executive Director of the Company are founder promoter of the Company.

3. Other Information:**Reasons for Inadequacy of Profits:**

1. Fluctuation in price, availability and quality of raw material
2. High competition in Bulk Drug Industry

Steps taken by the Company to improve performance:

1. Efforts taken to mitigate the effect of surge in raw material prices
2. Company has increased production
3. The Company is continuously trying to build a large overseas business and revenue from export business accounts. The Company is continuously tapping potentially new markets and exporting products to these countries.

Expected Increase in productivity and profits in measurable terms:

With the above mentioned steps taken by the Company and with revival of the economies the company will be able to improve its sales and profit. Increased production capacity is expected to increase turnover of the Company.

The Board of Directors recommends the passing of the Resolutions set out in item No. 5 to 7 as Special Resolutions of the notice.

None of the Directors of the Company is concerned or interested except Mr. Mahendra A Turakhia, Mr. Kishore A Turakhia and Mr. Rajesh A Turakhia.



DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report along with the Audited Accounts of the Company for the year ended 31st March 2012.

OPERATING RESULTS

Particulars	2011-12	2010-11
Sales & Other Income from Operation	302,647,221	26,57,67,012
Increase/Decrease in Stocks	(155,732)	(1,23,52,220)
Other Income	3,793,887	-
Total Income	306,285,376	25,34,14,792
Operating Expenditure	244,893,483	21,02,42,367
Administrative and other Expenditure	26,175,087	2,05,58,288
Profit Before Depreciation and Financial charges	35,216,805	2,26,14,137
Depreciation	4,958,773	39,82,151
Profit before Financial Charges	30,258,032	1,86,31,986
Financial Charges	4,505,456	40,14,752
Profit before Tax	25,752,576	1,46,17,234
Less: Provision for Deferred Tax	182,496	14,02,152
Provision for Income Tax	7,383,905	44,35,500
Profit After Tax	18,186,175	87,79,582
Income Tax for earlier year	(31,446)	(17,18,819)
Balance brought forward	76,971,809	6,99,11,046
Balance carried to Balance sheet	95,126,538	7,69,71,809

PERFORMANCE

During the year under review your Company achieved a turnover of Rs. 3026 Lacs Compared to Rs 2,658 Lacs in the previous fiscal year 2010-2011, registering an increase of 13.85%. Profit before interest, depreciation and taxes in 2011-12 were increased at Rs 352 Lacs compared to Rs.226 Lacs in the previous fiscal.

After providing for interest of Rs. 45 Lacs (Rs.40 Lacs previous fiscal) and depreciation of Rs 32 Lacs (Rs. 40 Lacs previous fiscal), the profit after tax of the Company is Rs.136 Lacs as against the previous year's profit before tax of Rs.88 Lacs.



DIVIDEND

Owing to the development and expansion plans already undertaken by the Company and the need of ploughing back in the Company of the generated profits during the year, your Directors do not recommend any dividend for the year under review.

REVIEW OF OPERATIONS & FUTURE PROSPECTS:

The Turnover of the Company for the year under review showed a higher growth of 13.85% over the corresponding previous year. The overall business prospects of the Company are encouraging despite reduction in parity at certain levels of operations.

DIRECTORS

The Board of Directors at their meeting held on 15th May, 2012 reappointed, subject to the approval of the members of the Company, Mr. Mahendra Turakhia as a Chairman and Managing Director of the Company with effect from 1st April, 2012.

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. Kishore Turakhia and Mr. Kirit M Doshi, the Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. P. B. Mehta & Associates., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

The Statutory Auditors will hold office from the conclusion of this Annual General Meeting till conclusion of next Annual General Meeting and are eligible for re-appointment. The Company has received their consent under section 224(1B) of the Companies Act, 1956 for such re-appointment.

The auditors comments on the Company's accounts for the year ended on 31st March, 2012 are self explanatory in nature and do not require any explanation as per the provisions of Section 217(3) of the Companies Act, 1956.

COST AUDITOR

The Board of Directors of Company has, upon recommendations of the Audit Committee, appointed NNT & Co, Cost Accountant as Cost Auditors for conducting an audit of Cost Accounting Records maintained by the Company for the Financial Year 2011-12. As required under the provisions of Section 224 (1B) read with Section 233B (2) of the Companies Act, 1956, the Company has obtained a written confirmation from CMA NNT & Co, to the effect that they are eligible for appointment as Cost Auditors under Section 233B of the Companies Act, 1956.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. The Cost Auditors shall forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for the Financial Year 2011-12, within the prescribed time limit.



FIXED DEPOSITS

The Company has not accepted Fixed Deposits from public within the purview of Section 58A of the Companies Act, 1956, during the year under review.

FINANCIAL CONDITION AND RESULT OF OPERATION

Management discussion and analysis of financial condition and result of operation of the Company for the year under review, as stipulated under clause 49 of listing agreement with the Stock Exchanges are given as a separate statement in the Annual Report.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be shown in terms of provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, your Directors state that:-

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to; material departures, if any.
- 2) The Directors have 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 as at the end of the financial year and profit for the year under review.
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities.
- 4) The Directors have prepared the annual accounts for the financial year ended 31st March 2012 on a “going concern” basis.

LISTING OF EQUITY SHARES

The equity shares of your Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Madhya Pradesh Stock Exchange, Indore. The Listing fee for the financial year 2012-13 has already been paid. Further members are informed that the Company's shares are permit to trade at floor of National Stock Exchange of India (NSE).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOING

A Statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules 1988, is annexed hereto; and forms part of this report.



CORPORATE GOVERNANCE

As required by the Clause 49 of the Listing Agreement entered in to by your Company with the BSE Limited and Madhya Pradesh Stock Exchange and The National Stock Exchange of India Limited, a detailed Report on Corporate Governance together with a report on Management Discussion Analysis is included in the Annual Report. The Auditors have certified the Company's compliance with the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

ACKNOWLEDGEMENTS

Your Directors are thankful to investors, customers, financial institutions, vendors, banks, government authorities, the registrars, share transfer agents for their respective support.

Our team across the Company through their competence, hard work, dedication and team spirit has stretched incessantly to achieve impressive results for the year 2012 and over the years has made your Company a great place to work with. The Board wishes to place on the record its sincere appreciation of the effort put in by your Company's senior management team, executives and consultants at all levels, with your wishes and trust we endeavors to delivers long term shareholder value.

The Directors also acknowledge the hard work, dedication and commitment of the employees. The enthusiasm unstinting efforts of the employees have enabled the Company to continue to be a leading player in the industry.

By Order of the Board of Directors

Place: Indore

Date: 01st September, 2012

Mahendra A. Turakhia

Chairman and Managing Director



ANNEXURE TO DIRECTOR'S REPORT

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, 1998 forming part of the Directors Report for the year ended 31st March 2012.

CONSERVATION OF ENERGY

Energy conservation measures taken; additional investments and proposal being implemented for reduction of consumption if energy.

FORM 'A'

Power and Fuel Consumption

	PARTICULARS	Current Year	Previous Year
1.	Electricity		
	Total Units	633495	734675
	Amount (Rs. In Lacs)	41.35	42.95
	Rate per unit (Rs.)	6.53	5.85
	Consumption per unit of Production (in unit)/Kg	5.91	5.24
2.	Furnace Oil (Diesel)		
	Total units (ltr.)	431248	579200
	Amount (Rs. In Lacs)	41.20	35.48
	Rate per Unit (Rs.)	9.55	6.12
	Consumption per unit of production (in unit) Kg	4.02	4.13

FORM 'B' TECHNOLOGY ABSORPTION

Research and Development (R & D)

1.	Specific Areas in which developmental activities carried out by the company	Development of new products and absorption of new technology.
2.	Benefits derived as a result of the above R & D	Improvement in quality, customer satisfaction and productivity
3.	Future plan of action.	Up gradation of technology
4.	Expenditure on R & D	There being no separate R & D cell, the expenditure cannot be quantified

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

The management has created a work culture in the organization to foster innovation in all functions including production. The technology used is entirely indigenous. However, continuous efforts are being made towards the modernization and up gradation of technology for higher output of the products qualitatively and quantitatively modernization; and up gradation of technology for higher output of the products qualitatively and quantitatively.

FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

During the year under review Company has imported the raw materials of Rs5,03,51,036/- and exported the goods worth Rs.2,36,96,554/-.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Rapidly changing global economic & business conditions and technological innovation are creating an increasingly competitive environment that is driving Companies to transform their operations globally. While the expectations of the customers have increased manifold; we are committed to satisfy the clients with improved quality and accelerated delivery schedules with a focus on developing long terms relationships and strengthening strategic partnerships.

Drugs and pharmaceutical industry plays a vital role in the economic development of a nation. It is one of the largest and most advanced sectors in the world, acting as a source for various drugs, medicines and their intermediates as well as other pharmaceutical formulations. Being the intense knowledge-driven industry, it offers innumerable business opportunities for the investors/corporates the world over. The existence of well-defined and strong pharmaceutical industry is important for promoting and sustaining research and developmental (R&D) efforts and initiatives in an economy as well as making available the quality medicines to all at affordable prices. That is, it is essential to improve the health status of the individuals as well as the society as a whole, so that positive contributions could be made to the economic growth and regional development of a country.

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian drugs and pharmaceutical industry, over the years, has shown tremendous progress in terms of infrastructure development, technology base creation as well as product usage. On the global platform, India holds fourth position in terms of volume and thirteenth position in terms of value of production in pharmaceuticals. The pharmaceutical industry has been producing bulk drugs belonging to all major therapeutic groups requiring complicated manufacturing processes as well as a wide range of pharma machinery and equipments. It has also developed excellent 'good manufacturing practices' (GMP) compliant facilities for the production of different dosage forms. Besides, the amendment to the Patents Act, 1970 [enactment of Patents (Amendment) Act, 2005], has opened up new avenues for the sector. The new patent regime has ushered in the era of product patents for the pharmaceutical sector, in line with the obligations under the World Trade Organisation (WTO) and Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. As a result, the Indian pharmaceutical industry has become self-reliant in several areas and has developed a more sound and technologically advanced R&D segment.

The industry offers several opportunities for investments and trade owing to the following advantageous features:-

- Self-reliance displayed by the production of 70 per cent of bulk drugs and almost the entire requirement of formulations within the country;
- Low cost of production of quality bulk drugs and formulations
- Low R&D costs
- Strong scientific, innovative and technical manpower
- Excellent and world-class national laboratories specializing in process development and development of cost effective technologies
- Increasing balance of trade in pharma sector
- Efficient and cost effective source for procuring generic drugs, especially the drugs going off patent in the next few years
- Excellent centre for clinical trials in view of the diversity in population
- Fast growing biotech industry which has great potential in the international market
- Apart from its strengths in manufacturing and exporting allopathic medicines, the systems of medicines like Ayurveda, Unani, Siddha, Yoga, Naturopathy and Homeopathy are also prevalent in the country.



Driven by all such factors, India has been recognized as one of the leading global players in pharmaceuticals. Indian exports are destined to more than 200 countries around the globe including highly regulated markets of US, Europe, Japan and Australia.

The drugs and pharmaceutical is one of the most diversified of all the industrial sectors. The accumulated knowledge of traditional medicinal system and large bio-diversity of India offers great advantage to the drug industry. The rapidly changing economic, trade and intellectual property scenario, nationally and internationally, poses many challenges to it, including the challenge of becoming leaders and competitors globally. This necessitates a shift in the approach of the industry, that is moving away from manufacturing only known drugs to discovering and commercialising new molecules through innovative process routes. It would mean that the Indian pharma industry has to focus more on R&D, so as to enable India to maintain its status in the world pharma market and move ahead to become a global leader. In other words, the strength of the industry lies in leveraging the country's power in organic synthesis and process engineering as well as developing cost-effective technologies in the shortest possible time for drug intermediates and bulk activities, without compromising on quality.

THREATS & OPPORTUNITIES

Drug Pricing

The domestic pharmaceutical industry is very much dependent on the government's drug pricing policy. It is important for the Government to introduce free and fair competition rather than arbitrary drug control measures to decide prices of essential drugs. This will ensure that Companies like us can manufacture and market all the vital life saving drugs at economical prices.

Rising Costs and Availability of Materials

The prices of many API's and intermediates have risen significantly due to restriction in production by various Chinese manufacturers. Other factors contributing to such price hike are rise in price of petroleum-based products, frequent shortages and general inflationary conditions.

All these adversely affect the production schedules and overall margins of our Company's products.

OPPORTUNITIES

Domestic Markets

The Company has a wide range of pharmaceutical and bulk drug products in its portfolio. We try and tap every lawful opportunity coming our way and follow a focused approach and increased marketing efforts. All these have resulted in increased growth of the Company in the recent years. In the coming years, we shall strive hard to build a strong reputation for ourselves and carve a niche for our products.

International Markets

The Company is continuously trying to build a large overseas business and revenue from export business accounts for a sizeable component of Company's total turnover. The Company is continuously tapping potentially new markets and exporting a wide range of products to these countries.



SEGMENT-WISE PERFORMANCE

The operation of the Company consists of the single segment. The Company deals in bulk drugs. Hence, Accounting Standard on Segment Reporting (AS-17) issued by Institute of Chartered Accountants of India does not apply.

OUTLOOK

The Indian economy has shown a substantial growth in the year 2011-12 and this will have a positive impact on all the sectors. However, to tap the full potential of this emerging opportunity, the domestic industry needs to improve its cost effectiveness, scale of operations and quality/reliability in order to be able to compete with other global suppliers in the export market.

Commodities prices have maintained their high volatility, making it difficult to take long-term view on prices. The appreciation of rupee against dollar has further been a cause of concern for exporters.

We are committed to deliver quality products on a consistent basis and at competitive prices. Our strategy has been to make optimum utilisation of the resources, raw materials, timely production and delivery schedules, safety of the workforce and finally develop strong customer relationship and thereby backing our prime motto to be a customer driven Company.

Factors that may affect our results of the operations

Our financial conditions and results of operations are affected by numerous factors inter alia—

- Growth of unorganized sector and threat from local regional players
- Change in freight and forwarding charges
- General economic and business conditions;
- Our Company's ability to successfully implement our growth strategy
- Fluctuation in Exchange rates.
- Prices of raw materials we consume and the products we manufacture;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;

Our Results of Operations

The Break-up of Revenue and Costs of Company is as given below :

PARTICULARS	Year ended March 31 2012	Year ended March 31 2011
INCOME		
Sales & Income from Operation		
Export	2,36,96,554	1,73,05,500
Domestic	27,89,50,668	24,84,61,512
	30,26,47,221	26,57,67,012
Increase/Decrease in Stocks	(1,55,732)	(1,23,52,220)
Other Income	37,93,886	0
TOTAL	30,62,85,376	25,34,14,792
EXPENDITURE		
Operating Expenditure	24,48,93,483	21,02,42,367
Administrative And Other Expenditure	2,61,75,087	2,05,58,288
Finance Charges	45,05,456	40,14,752
Depreciation	49,58,773.37	39,82,152
TOTAL	28,05,32,800	23,87,97,559
Profit Before Tax	2,57,52,576	1,46,17,235
Less: Provision for Deferred Tax	1,82,496	14,02,152
Provision for Income Tax	73,83,905	44,35,500
Profit After Tax	1,81,86,175	87,79,583
Income-Tax for earlier Year	(31,446)	(17,18,819)
Balance brought forward	7,69,71,809	6,99,11,046
Balance carried to balancesheet	9,51,26,538	7,69,71,809
Earning Per Share	3.63	1.75

(1) Total Income

Our revenue has increased from Rs. 25,34,14,792/- in Financial Year 2010-11 to Rs. 30,24,91,489/- in Financial Year 2011-12 at a rate of 19.36%. The sales have increased at a rate of 13.85%. Sales in export market has increased from Rs. 1,73,05,500 in Financial Year 2010-11 to Rs. 2,36,96,554/- in Financial Year 2011-12 while sales in domestic market has increased from Rs. 24,84,61,512/- in Financial Year 2010-11 to Rs. 27,89,50,668/- in Financial Year 2011-12. There is decrease in stock from Rs. (1,23,52,220/-) in Financial Year 2010-11 to Rs. (1,55,732/-) in Financial Year 2011-12.

(2) Operating Expenditure:

The operating expenditure has increased from Rs. 21,02,42,367/- in Financial Year 2011-11 to Rs. 24,48,93,483/- in Financial Year 2011-12. There has been an increase of 16.48%.



(3) Administrative and other expenses:

The administrative expenses have increased from Rs. 2,05,58,288/- in Financial Year 2010-11 to Rs. 2,61,75,087/- in Financial Year 2011-12. The expenditure has increased by 27.32% in Financial Year 2011-12.

(4) Interest and Financial Charges:

Net Financial charges has increased from Rs. 40,14,752/- in Financial Year 2010-11 to Rs. 45,05,456/- in Financial Year 2011-12. The increase has been 12.22% in Financial Year 2011-12. The increase has been due to the borrowings in the Financial Year.

(5) Depreciation

The Depreciation cost has increase from Rs. 39,82,152/- in Financial Year 2010-11 to Rs.49,58,773/- in Financial Year 2011-12.

(6) Net Profit

Net profit has increase from Rs. 87,79,583/- in Financial Year 2010-11 to Rs. 1,81,86,175/- in Financial Year 2011-12. **The Company's Net Profit has increased by 107% in Financial Year 2011-12.**

Other Factors:

(1) Known trends or uncertainties

The world economy has witnessed an unprecedented economic crisis causing severe recessionary trends in various countries but Indian pharmaceutical industry remained less affected compared to other sectors.

(2) Future relationship between costs and revenues

Our Company doesn't see substantial increase in labour cost or other cost related to the product except that raw material prices may go up in near future due to rise in commodity prices. However; any increase in raw material prices would be duly covered in the sales price of the product.

(3) Dependence on Single or few suppliers/Customers

The Customer base of our Company is very strong as we do not deal with a single customer or supplier. We have a very cordial relationship with all customers and suppliers with whom we have been dealing for a very long time.

(4) Significant developments subsequent to last financial year.

In the opinion of the Directors, there are no significant changes since the date of the last financial statements, which could materially affect the operations, and Profitability of our Company.



INTERNAL CONTROL

The Company's internal control procedures are tailored to match the organization's pace of growth and increasing complexity of operations. This ensures compliance to various policies, practices and statutes.

We have an adequate system of Internal Control which enables reliable financial reporting, safeguard of assets and encourages adherence to management policies.

The Company has a system for speedy compilation of accounts and management information reports to comply with applicable laws and regulations.

We have a reasonable budgetary control system so that the management can monthly review actual performance against the budget.

A well defined organization structure is in place with authority level, internal rules and guidelines for conducting business transactions.

Transaction in which the management is interested in their personal capacity

During the year, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company.

For detailed discussion, refer note No. 36 of Schedule 12 in Notes to Accounts.

Human Resource and Industrial Relations

Industrial relations of the company were cordial during the year and continue to remain peaceful at the factory & office at Indore and the corporate office at Mumbai and all the employees are working with the company for a common objective.

Cautionary Statement

Statements in this Management Discussion and Analysis describing your Company's objectives, projections, estimates and expectations, may be 'forward looking statements' are within the meaning of the applicable laws and regulations. Actual results might differ substantially or materially from those expressed and implied. Important development that could affect your Company's operations include a downtrend in the international market, fall in onsite, offshore rate and significant changes in political and economic environment, environment standards, tax laws, litigations and labour relations.



CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance, for the financial year ended March 31, 2012 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on the Code of Governance

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company is being managed in a way which ensures accountability, transparency, fairness in all its transactions in widest sense and meet up its stakeholders aspirations and societal expectations.

The Company has always endeavored to implement the Corporate Governance process in the most democratic form as maximization of shareholders wealth is cornerstone of your Company. For the Company the advent of the revised Clause 49 of the Listing Agreement has paved way for sharing with the stakeholders, the corporate governance practices, which are deeply rooted in the corporate culture of the Company. Your Company has been committed in adopting and adhering to global recognised standards of corporate conduct towards its employees, clients and the society at large. The management team of your Company exerts the strict adherence to corporate governance practices in order to cover the entire spectrum of governance activities and benchmark its practices with the prevailing guidelines of Corporate Governance.

2. Board of Directors

The Board of Panchsheel consists of Six Directors with a fair representation of Executive, Non-Executive and Independent Directors. The Chairman being Executive, as per Listing Agreement, the Company has three Independent Directors. There is no institutional nominee on the Board. Details of Directors retiring by rotation and their brief are provided in the notice to Annual General Meeting.

2.1. Composition and category of Directors

<i>Category</i>	<i>Name of Director</i>
Promoter / Executive Director	*Mahendra A. Turakhia Kishore A. Turakhia Rajesh A. Turakhia
Non Executive and Independent Director	Kiritkumar M. Doshi Radhashyam Ramprasad Tawani Bharatkumar R Desai

**Mr. Mahendra Turakhia was reappointed as a Managing Director and Chairman of the Company w.e.f 1st April, 2012.*



2.2. Board Meetings

Attendance of each Director at the Board Meetings and the last Annual General Meeting:

The Company holds regular Board Meetings. The detailed agenda along with the explanatory notes is circulated to the Directors well in advance. The Directors can suggest inclusion of any item(s) in the agenda at the Board Meeting.

The Company held 7 (Seven) Board Meetings for the year ended 31st March, 2012. These were held on 14th May, 2011; 12th August, 2011; 29th August, 2011; 14th November, 2011; 20th December, 2011; 24th January, 2012 and 13th February, 2012.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31st March 2012 was as follows

Directors	Board Meetings attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
			Directorships (excluding Private Limited Company)	Board Committee Membership/ (Chairmanship)
Mahendra A. Turakhia	7	Yes	None	None
Kishore A. Turakhia	7	Yes	None	None
Rajesh A. Turakhia	7	Yes	None	None
Kirit M. Doshi	7	Yes	None	None
Radheshyam Ramprasad Tawani	7	Yes	None	None
Bharatkumar R Desai	4	Yes	Bharat Parenterals Limited	None

Pursuant to the Provisions of the Section 256 of the Companies Act 1956, Mr. Kishore A. Turakhia and Mr. Kirit M. Doshi retires by rotation and being eligible, offer themselves for re-appointment.

2.3 Information provided to the Board:

The Board of the Company is presented with all information under the following heads, whenever applicable and materially significant. These are submitted either as part of the agenda will in advance of the Board Meetings or are tabled in the course of the Board Meetings. This, inter-alia, includes:



1. Annual operating plans of businesses, capital budgets, updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other committees.
4. Information on recruitment and remuneration of senior officers just below the Board level.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents.
7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement or new client win.
9. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions have involved substantial payments towards good-will, brand equity, or intellectual property.
11. Significant development in the human resources front.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Quarterly details of foreign exchange exposure and the steps taken by management to limit the risks of adverse exchange rate movement.
14. Quarterly update on the return from deployment of surplus funds.
15. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholders services as non-payment of dividend and delays in share transfer.

2.4. Brief resume of Directors who will be retiring by rotation at this Annual General Meeting of the Company

Mr. Kishore A Turakhia, aged 58 year, residing at B/105, Swetambari Apartments, 2nd Floor, N. J. Road No 5, Gulmohar Cross Road No. 6, Mumbai 400069 holds the degree of Bachelor of Commerce and have rich experience in the Pharmaceuticals industry as well as finance.

Mr. Kirit M Doshi, aged 57 years, residing at 6C, Damodar Park, Flat No 901, L B S Marg, Ghatkopar (West), Mumbai 400086 holds the Degree of Bachelor in Commerce and who have a rich experience in the pharmaceutical industry and also in finance .

3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

3.1 Composition, Name of Members and Chairman

The Audit Committee of the Board comprises three Directors namely Mr. Kiritkumar M Doshi, Chairman, Mr. Kishore A Turakhia and Mr. Bharatkumar R Desai. The Audit Committee meets with the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements. Mr. Chandrakant A Shah is the Secretary of the Audit Committee.



3.2 Brief description of the terms of reference

The Audit Committee of the Company Perform following functions as follows:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.
- (b) To recommend to the Board, the appointment, re -appointment and, if required removal of Statutory auditors and fixing audit fees and to approval of payments for any other services.
- (c) To review with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management Qualifications in the draft audit report
 - Significant adjustments arising out of audit
 - The going concern assumption
 - Compliance with the accounting standards
 - Compliance with Stock Exchanges and legal requirements concerning financial statements
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large
- (d) To review and approve annual accounts of the Company and recommended to the Board for consideration or otherwise.
- (e) To review with Management; external and internal auditors, and review the efficiency of internal control systems. .
- (f) To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (g) To discuss with internal auditors about any significant findings and follow-up thereon.
- (h) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (i) To discuss with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (j) To review the Company's financial and risk management policies.
- (k) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.



3.3 Meetings and Attendance during the year 2011-12

Attendance record of the Audit Committee during the year as per the table Given below:

Date of Meeting	Mr. Kiritkumar M. Doshi	Mr. Kishore A. Turakhia	Mr. Bharatkumar R Desai
14 th May, 2011	√	√	.
12 th August, 2011	√	√	×
29 th August, 2011	√	√	√
14 th November, 2011	√	√	×
13 th February, 2012	√	√	√
Total Meetings attended	5	5	2

4. Remuneration Committee

The Remuneration Committee determines and recommends to the Board of Directors, the remuneration payable to the Executive Directors. The Board of Directors approved the remuneration to the Executive Directors on the basis of the performance as well as Company's performance, subject to consents as may be required.

The Non Executive Directors are not paid any remuneration except for the sitting fees for attending the Board Meetings/Committee Meetings.

The resolutions for the appointment and remuneration payable to the Executive Directors including commission to Managing Director are approved by the shareholders of the Company.

The remuneration to the Executive Directors consists of a fixed salary and other perquisites. The Leave Travel Allowance is paid as per the Company's rules. Provident Fund and Superannuation are provided for as per the Company's policies. Wherever applicable, the perquisites are considered as part of remuneration and taxed as per Income Tax Laws. The Commission recommended by the Remuneration Committee to the Board is paid to the Managing Director in accordance with the provisions of the Companies Act, 1956.

The Audit Committee of the Board comprises three Directors namely:

Mr. Bharatkumar R Desai	- Chairman
Mr. Rajesh A Turakhia	- Member
Mr. Radheshyam R Tawani	- Member



The details of remuneration of Executive Directors for the financial year 2011-2012 are given below:

(Amount in Rupees)

Particulars	2011-12	2010-11	2009-10
Salary and Allowances (Rs.)	18,80,000	7,65,000	2,60,000
Contribution to PF, Superannuation and Gratuity Funds (Rs.)	-	-	-
Commission (Rs.)	-	-	-
Total (Rs.)	18,80,000	7,65,000	2,60,000

The details of remuneration paid to the Non-Executive Directors by way of sitting fees during the financial year 2011-2012 are given below:

Sr. No.	Name of the Non-Executive Director	Sitting fees (Rupees)	Other elements of remuneration
1.	Mr. Kirit M. Doshi	12,000/-	-
2.	Mr. Radheshyam R. Tawani	7,000/-	-
3.	Mr. Bharatkumar R Desai	6,000/-	-

5. Shareholders Grievance Committee

5.1 Scope of the Committee

The scope of the Shareholders Grievance Committee is to review and address the grievances of the shareholders in respect of share transfers, transmission, issue of duplicate/consolidated share certificates, allotment and listing of shares, non-receipt of annual report, non- receipt of balance sheet, non-receipt of dividend etc, and other related activities. In addition, the Committee also looks into matters that can facilitate better investor's services and relations.

5.2 Composition of the Committee

The Committee is headed by Mr. Rajesh A Turakhia, Executive Director and other members of the Committee include Mr. Kishore A Turakhia and Mr. Bharatkumar R Desai.

5.3 Compliance Officer

Mr. Chandrakant A. Shah is the Compliance officer of the Company



6. General Body Meetings

6.1 Location and time, where last three AGMs were held

Following table details the particulars of the last Three Annual General Meetings of the Company

Financial Year	Date & Time	Venue
2008-2009	30 September, 2009 at 11.00 a.m.	Registered Office
2009-2010	30 September, 2010 at 11.00 a.m.	Registered Office
2010-2011	30 September, 2011 at 11.30 a.m.	Registered Office

6.2 Details of the Special Resolutions passed in the previous three AGMs

- 2010-11 : a) Pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the said Act revision of remuneration Mr. Mahendra A Turakhia.
- b) Pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the said Act appointment of Mr. Kishore Turakhia as an Executive Director.
- c) Pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956, read with Schedule XIII to the said Act appointment of Mr. Rajesh Turakhia as an Executive Director.
- 2009-10 : Nil
- 2008-09 : Nil

7. Disclosures

7.1 Disclosures regarding materially significant related party transactions

No transaction of material nature has been entered into by the Company with its Promoters or Directors or management or relatives etc. that may have potential conflict with the interest of the Company.

All transactions with the Related Parties were in the ordinary course of business and at an arms length.

7.2 Disclosure

There are no material transactions with related parties, which require separate disclosure. A comprehensive list of related party transactions as required by Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of note no. 18 of schedule 12 to the accounts in the Annual Report.



The Board reviews the risk assessment and minimization procedure from time to time. The risk management issues are discussed in detail in the report of Management Discussion and Analysis.

There is no material pecuniary transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

The Management Discussion and Analysis Report prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management or relatives etc. that may have potential conflict with the interest of the Company at large.

No penalties were imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any other statutory authority on any matter related to capital market during the last three years.

The details of compliance with mandatory requirements of Clause 49 are as contained in this Report.

7.3 Prevention of Insider Trading

In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date on prevention of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered by its management staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made while dealing with shares of the company and cautioning them on the consequences on non-compliance thereof.

The Company follows quiet periods (closure of trading window) prior to its publication of unpublished price sensitive information. During the quiet period, the Company has set up a mechanism where the management and relevant staff and business associates of the Company are informed not to trade in Company's securities.

The Company also affirms that no personnel has been denied access to the audit committee

7.4 Code of conduct

In terms of Clause 49 of the Listing Agreement(s), the Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The same has been posted on the Company's website. The Declaration by the Chairman of the Company forms part of this Report.



7.5 Details of Compliance with Clause 49 of the Listing Agreement

The Company has complied with the provisions of Clause 49 of the Listing Agreement

8 Means of Communication

- (a) Half-yearly report were sent to each registered residential addresses of shareholders
- (b) The quarterly and half yearly results are published in the Free Press Journal (National Daily) And Chautha Sansar (Regional Newspaper).

9. Management Discussion and Analysis

The Company has provided a detailed Management Discussion and Analysis report in its Annual Report and the same forms part of the Annual Report.

10. General Shareholder Information

10.1 Forth Coming Annual General Meeting

The forthcoming Annual General Meeting of the Company is scheduled to be held on 29th September, 2012 at the Registered Office of the Company at 11.30 a.m. at B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore.

10.2 Financial Year of the Company

1st April to 31st March

10.3 Date of Book Closure

From 26th September, 2012 to 29th September, 2012(Both days inclusive)

10.4 Listing on Stock Exchange

The Bombay Stock Exchange Limited, Mumbai
The Madhya Pradesh Stock Exchange, Indore



10.5 Stock Code

531726 on The Bombay Stock Exchange Limited, Mumbai

2853 on The Madhya Pradesh Stock Exchange Limited, Indore

10.6 The ISIN of Panchsheel Organics Limited on both NSDL and CDSL

INE 316G0101

10.7 Market Price Data: High Low during each month in Financial Year i.e. April 2011 to March 2012

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
April 2011	16.50	18.15	16.30	18.00	20,908
May 2011	17.15	18.00	16.40	17.00	17,412
June 2011	17.85	19.05	16.25	19.05	18,969
July 2011	19.00	19.60	17.15	19.20	8,679
August 2011	19.00	19.00	16.50	16.70	24,135
September 2011	17.00	17.85	16.35	17.00	14,414
October 2011	17.00	18.90	17.00	17.85	17,276
November 2011	17.50	19.65	16.40	17.55	7,138
December 2011	17.00	18.15	15.30	17.00	1,53,776
January 2012	16.55	18.35	16.50	17.50	84,196
February 2012	16.65	19.65	16.30	17.10	34,295
March 2012	17.50	18.35	16.25	17.05	53,630

10.8 Registrar and Share Transfer agents

Purva Share Registry (I) Private Limited
 ShivShakti Industrial Estate, Unit No. 9, 7/B
 Sitaram Mill Compound, J. R. Boricha Marg
 Lower Parel, Mumbai- 400 001



10.9 Share transfer system

Shares sent for transfer in physical form are registered and returned by Registrar and Share transfer agents within 30 days from the date of receipt of documents, provided the documents are found in order. Share under objection are returned within 21 days. There have been no instances if transfer of shares in the physical form during the financial year 2011-12.

10.10 Shareholding Pattern as on March 31, 2012

Category Code	Category of Shareholder	Number of Shareholders	Total Number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	7	27,87,980	27,76,780	55.59	55.59
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00
	Sub Total(A)(1)	7	27,87,980	27,76,780	55.59	55.59
2	Foreign					
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0.00
d	Any Others(Specify)	0	0	0	0.00	0.00
d-i		0	0	0	0.00	0.00
d-ii		0	0	0	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00



	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	7	27,87,980	27,76,780	55.59	55.59
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0		0.00	0.00
(b)	Financial Institutions / Banks	0	0		0.00	0.00
(c)	Central Government/ State Government(s)	0	0		0.00	0.00
(d)	Venture Capital Funds	0	0		0.00	0.00
(e)	Insurance Companies	0	0		0.00	0.00
(f)	Foreign Institutional Investors	0	0		0.00	0.00
(g)	Foreign Venture Capital Investors	0	0		0.00	0.00
(h)	Any Other (specify)	0	0		0.00	0.00
	Sub-Total (B)(1)	0	0	0	0.00	0.00
B 2	Non-institutions					
(a)	Bodies Corporate	57	4,57,168	1,31,068	9.12	9.12
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	1,499	11,16,488	8,22,258	22.26	22.26
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	14	5,54,134	5,34,234	11.05	11.05
(c)	Any Other (specify)					
(c-i)	NRI (Repat and Noon Repat)	3	64,475	64,475	1.29	1.29
(c-ii)	HUF	37	31,454	31,454	0.63	0.63
(c-iii)	Clearing Members	2	3,701	3,701	0.07	0.07
	Sub-Total (B)(2)	1,612	22,27,420	15,87,190	44.41	44.41
(B)	Total Public Shareholding (B) = (B)(1)+(B)(2)	1,612	22,27,420	15,87,190	44.41	44.41
	Total (A)+(B)	1,619	50,15,400	43,63,970	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0.00
	Grand Total (A)+(B)+(C)	1,619	50,15,400	43,63,970	100.00	100.00

**10.11 Dematerialisation of Shares**

As on 31st March, 2012, 83,4732 equity shares of Rs.10/- each were in dematerialized form with NSDL and 34,46,568 equity shares of Rs. 10/- each were in dematerialized form with CDSL constituting 16.64% and 68.72% respectively of the paid-up capital.

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

Not issued

10.13 Plant Locations

The Company's Plants are located at B6 & B7, Sector C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh.

10.14 Address for correspondence

For any Query relating to the Shares of the Company

Purva Share Registry (I) Private Limited

Shiv Shakti Industrial Estate, Unit No. 9, 7/B, Sitaram Mill Compound, J. R. Boricha Marg, Lower Parel, Mumbai- 400 001

Any other Query

Secretarial Department

Panchsheel Organics Limited

B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore -452015, M.P.

Email: poltd@vsnl.com



DECLARATION BY THE CEO/MANAGING DIRECTOR UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

Managing Director's Certification pursuant to Clause 49 of the Listing Agreement

I, Mahendra Turakhia, Chairman & Managing Director of Panchsheel Organics Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as on 31st March, 2012 and Profit and Loss Account for the year ended as on that date along with all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or volatile of the Company's code of conduct;
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and I have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Company's disclosure, controls and procedures; and
 - d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;



6. I have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company (and persons performing the equivalent functions)
 - a) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) Significant changes, if any, in internal controls during the year covered by this report;
 - c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d) Instances of significant fraud of which I am aware, that involves management or other employees who have a significant role in the Company's internal control system;
7. I affirm that I have not denied any personnel, access to the Audit Committee of the Company (in respect of matters involving alleged misconduct) and I have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices; and
8. I further declare that all board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For **Panchsheel Organics Limited**

Place: Indore

Date: 01st September, 2012

Mahendra A. Turakhia

Managing Director



Parag B. Mehta
Proprietor
B.Com., F.C.A.

P. B. MEHTA & ASSOCIATES
Chartered Accountant

Ph. (O) 0265-6538977
Mobile : 92271-07113
Mobile : 98258-67008

Baroda Office :
214, Pujer Complex,
Nr. Ganga Jamuna Hosp.
Subhanpura,
Baroda-390 023
Email : parag_jgd@yahoo.co.in

Mumbai Office :
12, Sushma Building,
Linking Road Extn.
Santacruz (West)
Mumbai-400 054
Mobile : 098673-77647

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF PANCHSHEEL ORGANICS LIMITED

We have examined the compliance of conditions of Corporate Governance by Panchsheel Organics Limited (the Company) for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 **P. B. Mehta & Associates**
Chartered Accountants

Place: Indore
Date: 01st September, 2012

P. B. Mehta
Proprietor

**AUDITORS' REPORT****TO THE MEMBERS OF PANCHSHEEL ORGANICS LIMITED**

1. We have audited the attached Balance Sheet of **PANCHSHEEL ORGANICS LIMITED**, as at 31st March, 2012, the Statement of Profit and Loss 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 have 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, 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 such books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- e) On the basis of the written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31st March, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes 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, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **P B Mehta & Associates**
Chartered Accountants

Parag B Mehta
Proprietor
Membership No. 39878

Place: Indore
Dated: 1st September, 2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date to the Members of Panchsheel Organics Limited (the Company) for the year ended 31st March, 2012)

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets.
 (c) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) (a) The inventory includes construction work-in-progress, and cost of development rights in identified land. Physical verification of inventory have been conducted at reasonable intervals by the management.
 (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 (b) Consequently the question of commenting on the rates of interest, terms and conditions of the loans granted being prejudicial to the interests of the Company, receipt of regular principal and interest and reasonable steps for the recovery of the same does not arise.
 (c) The Company has not taken any loan secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 (d) Consequently, the question of commenting on the rates of interest and other terms and conditions of the loans taken being prejudicial to the interests of the Company, payment of regular principal and the interest does not arise.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. There are no sales of service. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.
 (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time, where comparable market price exist.



- 6) In our opinion and according to the information and explanations given to us, The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that *prime facie*, the prescribed accounts and records have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
- 9) (a) According to the information and explanations provided to us and on the basis of our examination of the books of account, during the year, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate Authorities. According to the information and explanations given to us, there are no undisputed dues, payable in respect of above as at 31st March, 2012, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues outstanding of Income Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess.
- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial years.
- 11) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not defaulted in repayment of dues to banks. The Company does not have dues to financial institutions or outstanding debentures.
- 12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, Clause 4(Xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
- 14) In our opinion and according to the information and explanation given to us, the Company is not dealer or trader in shares, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the order are not applicable to the Company.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and other financial institutions.



- 16) Accordingly to the information and explanations given to us and based on the documents and record examined by us, on an overall basis, the term loan has been applied for the purpose for which the loans were obtained.
- 17) Accordingly to the information and explanations given to us and on an overall explanation of the Balance Sheet and cash flow of the Company, we report that Company has not utilized fund raised on short-term basis for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) The Company has not issued any debenture during the year.
- 20) The Company has not raised any money through public issue of securities during the year.
- 21) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given and representations made by the Management, no fraud on or by the Company, has been noticed or reported during the year.

For **P B Mehta & Associates**
Chartered Accountants

Parag B Mehta
Proprietor
Membership No. 39878

Place: Indore
Dated: 1st September, 2012



Company Name : PANCHSHEEL ORGANICS LIMITED

Balance Sheet as at 31st March 2012

Particulars		Note No.	2011-12	2010-11
1		2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
(a)	Share capital	2	50,154,000	50,154,000
(b)	Reserves and surplus	3	105,670,923	87,516,194
(c)	Money received against share warrants			
2	Share application money pending allotment			
3	Non-current liabilities			
(a)	Long-term borrowings	4	20,962,216	26,086,378
(b)	Deferred tax liabilities (Net)	5	15,574,493	15,391,997
(c)	Other Long term liabilities	6		- 113,869
4	Current liabilities			
(a)	Short-term borrowings	7	35,906,020	38,496,359
(b)	Trade payables		65,236,325	41,897,347
(c)	Other current liabilities	8	393,301	558,100
(d)	Short-term provisions	9	4,377,916	3,010,721
	TOTAL		298,275,192	263,224,965
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets			
(i)	Tangible assets	10	75,579,716	79,944,751
(ii)	Intangible assets			
(iii)	Capital work-in-progress			
(iv)	Intangible assets under development			
2	Current assets			
(a)	Current investments	11	6,000	6,000
(b)	Inventories	12	83,464,752	81,544,848
(c)	Trade receivables	13	105,141,619	79,152,311
(d)	Cash and cash equivalents	14	5,686,134	10,275,251
(e)	Short-term loans and advances	15	23,632,427	8,094,322
(f)	Other current assets	16	4,764,544	4,207,483
	TOTAL		298,275,192	263,224,965

Notes To Accounts

1

For and on behalf of the Board

Mahendra Turakhia

Chairman & Managing Director

Kishore Turakhia

Director

Parag B Mehta

Proprietor

Place : Indore

Dated : 1st September 2012

Rajesh Turakhia

Director



Company Name : PANCHSHEEL ORGANICS LIMITED

Profit and loss statement for the year ended 31st March 2012

Particulars		Refer Note No.	2011-12	2010-11
I.	Revenue from operations	17	299,220,390	263,843,893
	Other Income	18	3,793,886	
III.	Total Revenue (I + II)		303,014,277	263,843,893
IV.	Expenses:			
	Cost of materials consumed	19	137,881,925	127,080,522
	Purchases of Stock-in-Trade	20	76,665,291	63,201,456
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	155,732	12,352,220
	Employee benefits expense	22	8,203,889	5,662,060
	Finance costs	23	4,505,456	4,014,752
	Depreciation and amortization expense		4,958,773	3,982,152
	Other expenses	24	44,890,635	32,933,499
	Total expenses		277,261,701	249,226,659
V.	Profit before exceptional and extraordinary items and tax (III-IV)		25,752,576	14,617,234
VI.	Exceptional items			
VII.	Profit before extraordinary items and tax (V - VI)		25,752,576	14,617,234
VIII.	Extraordinary Items			
IX.	Profit before tax (VII- VIII)		25,752,576	14,617,234
X	Tax expense:			
	(1) Current tax		7,383,905	4,435,500
	(2) Deferred tax		182,496	1,402,152
	(3) Adjustment for tax of previous Year (Net)		31,446	1,718,819
			7,597,847	7,556,471
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		18,154,729	7,060,763
XII	Profit/(loss) from discontinuing operations			
XIII	Tax expense of discontinuing operations (Earlier year)			
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV	Profit (Loss) for the period (XI + XIV)		18,154,729	7,060,763
XVI	Earnings per equity share:			
	(1) Basic		3.63	1.75
	(2) Diluted		3.63	1.75

Notes To Accounts

For P B Mehta & Associates
Chartered Accountants

Parag B Mehta
Proprietor

Place : Indore

Dated : 1st September 2012

For and on behalf of the Board
Mahendra Turakhia
Chairman & Managing Director

Kishore Turakhia
Director

Rajesh Turakhia
Director

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012****Note 1 : Significant Accounting Policies :****A Basis of Preparation**

The financial statements are prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year. During the financial year ended 31st March 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

B Use of Estimates

The preparation of financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

C Fixed Assets

Fixed assets are stated at cost of acquisition (net of recoverable taxes and Government grants and other subsidies, wherever availed) or construction or other amounts substituted for historical costs on revaluation less accumulated depreciation. Where several fixed assets are acquired for consolidated price, the consideration is apportioned to fixed assets on fair value basis.

D Depreciation

Depreciation on fixed assets is provided on the Written down Value Method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

E Valuation of Inventories

Raw materials and packing materials are valued at lower of cost or net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work-in-process and finished goods are valued at lower of cost or net realisable value. Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods includes excise duty, wherever applicable.

Cost of inventories is computed on weighted average basis.



F Investments

Long term investments are stated at cost, less provision for diminution (other than temporary) in value.
Current investments are stated at lower of cost or fair value.

G Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
Foreign currency monetary assets & liabilities and forward contracts are restated at year end exchange rates.
Exchange Gain/Loss is credited / debited in Export Sales Account.

H Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

Contingent assets are neither recognised nor disclosed in the financial statements.

I Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with despatch of goods to customers. Revenues are recorded at invoice value, sales tax, returns and trade discounts.

Benefits on account of entitlement of export incentives are recognised as and when the right to receive is established.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive is established.

J Employee Benefits

Liability on account of short term employee benefits is recognised on an undiscounted and cash basis during the period when the employee renders service/vesting period of the benefit.

K Income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Laws as applicable to the financial year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

**L Borrowing Costs**

Interest and other cost in connection with the borrowing of fund are charged to the Statement of Profit and Loss.

M Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

N Research and Development

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred. Capital expenditure on Research and Development is shown as addition to Fixed Assets.

O Expenditure on Regulatory Approvals

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to revenue.

P Government Grants and Subsidies

Capital subsidy/Government grants are accounted for where it is reasonably certain that the ultimate collection will be made.

Capital subsidy/Government grants related to specific depreciable assets are shown as deduction from the gross value of the asset concerned in arriving at its book value. The grant/subsidy is thus recognised in the Statement of Profit and Loss over the useful life of such depreciable assets by way of a reduced depreciation charge.

Q Leases

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss on an accrual basis over the lease term in accordance with the lease agreement.

R Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of Equity Shares and the weighted average number of equity shares which would be issued on the conversion of all the dilutive potential equity shares into equity shares.



Note 2 : Share capital

	2011-12	2010-11
	Amount	Amount
<u>Share Capital</u>		
<u>Authorised</u>		
6000000 Equity Shares of ` 10 each	60,000,000	60,000,000
<u>Issued</u>		
5015400 Equity Shares of ` 10 each	50,154,000	50,154,000
<u>Subscribed & Paid up</u>		
5015400 Equity Shares of ` 10 each	50,154,000	50,154,000
Total	50,154,000	50,154,000

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

Particulars	2011-12		2010-11	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	5,015,400	50,154,000	5015400	50154000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,015,400	50,154,000	5015400	50154000

Shares in the company held by each shareholder holding more than 5 percent shares

Name of Shareholder	2011-12		2010-11	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MAHENDRA A TURAKHIA	988840	19.72	608300	12.13
KISHORE A TURAKHIA	856801	17.08	553660	11.04
RAJESH A TURAKHIA	914439	18.23	587550	11.71
SUNEETA CHEMICALS P LTD	302600	6.03	305600	6.09
BHAVYA HOLDING LTD	-	-	598800	11.94

Terms & Rights Attached to equity Shares

The company has only one class of equity share having a par value of Rs 10/- per share. Each holder of equity share is entitled to one vote per share.

Note 3 : Reserves and surplus

	2011-12	2010-11
<u>a. Capital Reserves</u>		
Opening Balance	6,584,825	6,584,825
(+) Current Year Transfer		
(-) Written Back in Current Year		
Closing Balance	6,584,825	6,584,825
<u>b. Securities Premium Account</u>		
Opening Balance	3,000,000	3,000,000
Add : Securities premium credited on Share issue		
<u>Less : Premium Utilised for various reasons</u>	-	-
Premium on Redemption of Debentures	-	-
For Issuing Bonus Shares	-	-
Closing Balance	3,000,000	3,000,000
<u>c. General Reserve</u>		
Opening Balance	959,560	959,560
(+) Current Year Transfer	3,800,000	-
(-) Written Back in Current Year	-	-
Closing Balance	4,759,560	959,560
<u>d. Surplus i.e. Balance in Profit & Loss Account</u>		
Opening balance	76,971,809	69,911,046
(+) Net Profit/(Net Loss) For the current year	18,154,729	7,060,763
(+) Transfer from Reserves		
(-) Proposed Dividends		
(-) Interim Dividends		
(-) Transfer to Reserves	3,800,000	-
Closing Balance	91,326,538	76,971,809
Total	105,670,923	87,516,194

Note 4 : Long Term Borrowings

	2011-12	2010-11
<u>Secured</u>		
(a) Term loans		
from M.P Financial Corp.	10,962,216	16,086,378
(Secured By Hypothecation of Fixed Assets)		
	10,962,216	16,086,378
<u>Unsecured</u>		
(a) Other loans and advances (specify nature)	10,000,000	10,000,000
	10,000,000	10,000,000
Total	20,962,216	26,086,378

**Note 5 : Deferred tax liabilities (Net)**

	2011-12	2010-11
<u>Deferred Tax Liabilities :</u>		
Difference between Book and Tax Depreciation	15,574,493	15,391,997
Total	15,574,493	15,391,997

Note 6 : Other Long Term Liabilities**Other Long Term Liabilities**

	2011-12	2010-11
Vehile Loan From Hdfc Bank	-	113,869
Total	-	113,869

Note 7 : Short Term Borrowings

	2011-12	2010-11
<u>Secured</u>		
(a) Loans repayable on demand		
from banks		
(Secured By Yes Bank Ltd)	33,162,999	36,622,431
(Secured against first charge by hypothecation of stock and book debts and second charges on fixed assets of the Company and personally guaranteed by three Directors of Company)		
<u>b) Unsecured loan</u>		
From Bank (Temporary Overdraft)	2,743,020	1,873,928
Total	35,906,020	38,496,359

**Note 8 : Other Current Liabilities**

	2011-12	2010-11
Other payables (specify nature)		
1) Statutory Dues		
2) Other Liabilities for Expenses	393,301	558,100
Total	393,301	558,100

Note 9 : Short Term Provisions

	2011-12	2010-11
(a) Provision for employee benefits		
Salary & Reimbursements	79,304	118,790
Contribution to PF		
Gratuity (Funded)		
Leave Encashment (funded)		
Superannuation (funded)		
ESOP /ESOS		
(b) Provision for Income Tax (Net Of Advance Tax)	4,298,612	2,891,931
Total	4,377,916	3,010,721



Note 10: Fixed Assets

	Fixed Assets	Gross Block						Accumulated Depreciation					Net Block	
		Balance as at 1 April 2011	Additions/ (Disposals)	Deduction Due to Loss On Fire	Acquired through business combination	Revaluations/ (Impairments)	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	On Disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Balance as at 31 March 2012
a	Tangible Assets													
1	Land (Lease Hold)	53,529	0	0	0	0	53,529	0	0	0	0	0	53,529	53,529
2	Site Developments	1,872,520	0	0	0	0	1,872,520	659,751	62,542	0	0	722,293	1,212,769	1,150,227
3	Factory Building	11,267,141	1,649,516	1,557,000	0	0	11,359,657	2,893,283	358,335	0	330,099	2,921,519	8,373,858	8,438,138
4	Land Pitampur	2,578,262	0	0	0	0	2,578,262	0	0	0	0	0	2,578,262	2,578,262
5	Plant & Machinery	58,776,135	4,827,459	6,465,000	0	0	57,138,594	19,847,492	2,705,370	0	1,454,843	21,098,019	38,928,643	36,040,575
6	Plant & Machinery (UNIT II)	1,436,954	0	0	0	0	1,436,954	0	0	0	0	0	1,436,954	1,436,954
7	Laboratory Testing Equipments	8,561,998	80,848	0	0	0	8,642,846	3,538,660	409,005	0	0	3,947,665	5,023,337	4,695,181
8	Electric Installation	2,613,759	458,605	0	0	0	3,072,364	1,048,117	132,735	0	0	1,180,851	1,565,642	1,891,513
9	Furniture & Fixtures	2,244,557	22,425	330,000	0	0	1,936,982	1,009,697	131,498	0	121,944	1,019,251	1,234,860	917,731
10	Office Equipments	326,870	0	0	0	0	326,870	120,525	15,526	0	0	136,051	206,345	190,819
11	Vehicles	3,974,564	0	0	0	0	3,974,564	1,931,031	377,584	0	0	2,308,615	2,043,533	1,665,949
12	Pollution Control Equipments	1,797,982	0	0	0	0	1,797,982	790,339	85,404	0	0	875,743	1,007,643	922,239
13	Computer	683,379	0	0	0	0	683,379	428,646	110,776	0	0	539,422	254,732	143,957
14	Wind Power Project	12,000,000	0	0	0	0	12,000,000	2,263,978	570,000	0	0	2,833,978	9,736,022	9,166,022
15	Plant & Machinery (Un Installed)	2,063,721	0	0	0	0	2,063,721	0	0	0	0	0	2,063,721	2,063,721
16	Plant & Machinery (UNIDO)	4,224,900	0	0	0	0	4,224,900	0	0	0	0	0	4,224,900	4,224,900
	Total	114,476,271	7,038,852	8,352,000	0	0	113,163,124	34,531,521	4,958,773	0	1,906,886	37,583,408	79,944,751	75,579,716



Note 11
Current Investments

Particulars	2011-12	2010-11
(a) Investment in Equity instruments	1,000	1,000
(b) Investments in preference shares		
(c) Investments in Government or Trust securities	5,000	5,000
(d) Investments in Debentures or Bonds		
(e) Investments in Mutual Funds		
(f) Investments in partnership firms*		
(g) Other non-current investments (specify nature)		
Total (A)	6,000	6,000
Less : Provision for diminution in the value of Investments		
Total	6,000	6,000

Particulars	2011-12	2010-11
Aggregate amount of quoted investments (Market value of ` __ (Previous Year ` __)		
Aggregate amount of unquoted investments (Previous Year ` __)		

Details of Current Investments											
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount		Basis of Valuation
			2011-12	2010-11			2011-12	2010-11	2011-12	2010-11	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(a)	Investment in Equity Instruments										
	Gujrat Mercantile Credit Co Op Soc Ltd	0	10	10					1000	1000	
(b)	Investments in Government or Trust securities										
	Indira Vikas Patra								5000	5000	
	Total								6,000	6,000	

Note 12 : Inventories

	2011-12	2010-11
a. Raw Materials and components (Valued at Cost)		
Goods-in transit	54,211,525	50,260,046
	54,211,525	50,260,046
b. Work-in-progress (Valued at Cost)	10,487,200	11,745,295
Goods-in transit		
	10,487,200	11,745,295
c. Finished goods (Valued at Cost)		
Goods-in transit	14,510,642	13,408,279
	14,510,642	13,408,279
d. Others (Specify nature)		
Trading Stock	4,255,385	6,131,228
	4,255,385	6,131,228
Total	83,464,752	81,544,848



Note 13 : Trade Receivables

	2011-12	2010-11
Unsecured, considered doubtful		
Trade receivables outstanding for a period less than six months from the date they are due for payment.	94,451,287	63,440,082
Over Six Month	10,690,333	15,712,228
Total	105,141,620	79,152,311

Note 14 : Cash and Bank Balance

	2011-12	2010-11
Cash and cash equivalents	-	-
Cash on hand	282,856	626,400
Balance with Bank	253,300	240,572
Other Bank Balance		
Fixed Deposit with Bank	4,898,978	8,973,454
Bank Gaurantee	251,000	434,824
	5,686,134	10,275,251

Note 15 : Short-term loans and advances

	2011-12	2010-11
a. Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good		
Doubtful		
Less:Provision for doubtful loans and advances		
	-	-
b. Others (specify nature)		
Sundry Loans	1,460,152	1,460,152
Advance Given	3,649,475	4,641,271
Insurance Claim	16,325,366	-
Prepaid Expenses	158,461	158,461
Accured Interest	542,963	542,963
Other Deposits	1,496,011	1,291,475
	23,632,427	8,094,322
	23,632,427	8,094,322



Note 16 : Other Current Assets

Particulars	2011-12	2010-11
Advance Custom Duty	752,683	614,290
Balance with Excise	1,037,831	767,524
Tax deducted at source	156,341	91,315
Deposit With Sales Tax	2,614,689	2,531,354
Deposits With Income Tax	203,000	203,000
	4,764,544	4,207,483

Note : 17 Revenue from operations

Particulars	2011-12	2010-11
A : Manufacturing Sales		
1> Exports sales	1,869,767	2,198,780
2> Domestic Sales	216,805,215	134,234,122
	218,674,981	136,432,902
B : Trading Sales		
1> Exports sales	21,826,787	15,106,720
2> Domestic Sales	62,145,453	114,227,390
	83,972,240	129,334,110
Total Sales from operations	302,647,221	265,767,012
<u>Less:</u>		
Excise duty	3,426,831	1,923,119
Total	299,220,390	263,843,893

Note : 18 Other Income

Particulars	2011-12	2010-11
Interest Income (in case of a company other than a finance company)		
Dividend Income		
Net gain/loss on sale of investments		
Other non-operating income (net of expenses directly attributable to such income)	3,793,886	
Total	3,793,886	-

Note : 19 Cost of Materials consumed

Particulars	2011-12	2010-11
Opening Stock	50,260,046	43,953,244
Add : Purchases	141,833,404	133,387,324
	192,093,450	177,340,568
Less : Closing Stock	54,211,525	50,260,046
Total	137,881,925	127,080,522

Note 20 : Purchases of Stock-in-Trade

Particulars	2011-12	2010-11
Opening Stock	6,131,228	5,682,121
Add : Purchases	74,789,448	63,650,562
	80,920,676	69,332,684
Less : Closing Stock	4,255,385	6,131,228
Total	76,665,291	63,201,456

Note 21 : Changes in inventories of finished goods work-in-progress and Stock-in-Trade

Particulars	2011-12	2010-11
Opening Stock :		
Work-in-Process	11,745,295	21,361,551
Finished Goods	13,408,279	16,144,243
Traded Items		
TOTAL OPENING	25,153,574	37,505,794
Closing Stock :		
Work-in-Process	10,487,200	11,745,295
Finished Goods	14,510,642	13,408,279
Traded Items		
	24,997,842	25,153,574
Total	155,732	12,352,220

Note 22 : Employee Benefits Expense

Particulars	2011-12	2010-11
(a) Salaries , Bonus & Allowance	7,193,949	5,073,578
(b) Contributions to Esic	81,998	43,418
(i) Provident fund(ii) Superannuation scheme	187,543	118,572
(c) Gratuity fund contributions		
(d) Social security and other benefit plans for overseas employees		
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),		
(f) Staff welfare expenses	510,399	426,492
(f) Staff Compensation	230,000	
Total	8,203,889.00	5,662,059.81

Note 23 : Finance costs

	2011-12	2010-11
Interest expense	4,505,456	4,014,752
Other borrowing costs		
Applicable net gain/loss on foreign currency transactions and translation		
Total	4,505,456	4,014,752



Note 24 : Other expenses

Particulars	2011-12	2010-11
Consumption of stores and spare parts.	1,559,075	1,332,764
Power and fuel.	8,359,519	7,873,881
Enrty Tax	1,505,771	1,631,329
Freight Inwards	1,887,862	1,761,491
Packing Materials	2,018,445	1,893,350
Processing Charges	7,772,995	626,431
Quality Control Expense	343,593	294,453
Service Tax	48,496	59,921
Water Charges	341,700	293,950
Rent.	396,000	330,000
Repairs to buildings.	190,984	206,670
Repairs to machinery.	334,939	269,913
Insurance .	277,069	270,067
Rates and taxes, excluding, taxes on income.	3,991,568	3,255,144
Payments to the Auditor as Auditor	40,000	40,000
Other Expenses		
Advertisement	154,519	154,638
Cartage & Hamali, Crain Charges	482,212	437,986
Commission & Brokerage	1,067,290	645,734
Commission On Export	-	119,323
Computer Expenses	185,025	114,878
Conveyance	736,460	427,461
Courier Charges	493,934	486,923
Director's Remuneration	1,880,000	765,000
Director's Sitting Fees	25,000	29,000
Director's Travelling Expenses	745,224	640,324
Discount, Kasar & Book Debts	3,709,821	905,750
Electrical Expenses	32,889	22,006
Etp Running Charges	308,508	111,749
Export Clearing Charges	698,968	1,620,396
Export Expenses	5,905	-
Fees & Subscription	724,378	437,531
Freight Outward	243,700	181,092
Legal & Professional Fees	571,414	904,296
Laboratory Exp (Analysis Charges)	237,155	68,286
Loss On Consignment Sale	-	277,422
Marketing & Sales Promotional Expenses	697,690	1,294,714
Miscellaneous Expenses	538,216	262,221
Office & Other Expenses	101,418	62,996
Postage & Telegram & Courier	98,027	75,430
Printing & Stationary	256,352	243,359
Processing Charges For Bank Loan	-	939,700
Repairs & Maintanance	57,711	76,530
Security Service	241,437	179,708
Telephone Expenses & Charges	367,253	365,778
Transpotation Charges	141,030	-
Travelling Expenses	449,199	394,001
Vehicle Running & Maintenance	88,910	38,381
Warehousing Charges	482,974	301,122
Wind Mill Mtn Charges	-	210,401
Total	44,890,635	32,933,499



Note : 25 Cash Flow Statement (for the Year Ended 31st March, 2012)

S. No.	Particulars	Figures for the			
		Year Ended 31.03.2012		Year Ended 31.03.2011	
I	CASH FLOW FROM OPERATING ACTIVITY :	Amount in Rs			
A.	Net Profit as per Statement of Profit and Loss		25,752,576		14,617,234
B.	Non Cash adjustment				
1	Depreciation and amortisation Expenses	4,958,773		3,982,152	
2	Interest on Borrowings	4,505,456	9,464,229	3,596,718	7,578,869
	TOTAL		35,216,805		22,196,103
C.	Less: Items to be deducted				
1	Other non operating incomes		3,793,886		0
D.	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		31,422,919		22,196,103
	Movement in working Capital :				
1	Decrease / (Increase) in Inventories	(1,919,904)		5,596,311	
2	Decrease / (Increase) in Trade Receivable	(25,989,309)		(6,596,719)	
3	Increase / (Decrease) in Trade payables	23,338,978		(12,948,503)	
4	Decrease / (Increase) in other Current Assets	(557,061)		(1,434,140)	
5	Increase / (Decrease) in Provision for Employee Benefits	(39,486)		0	
6	Decrease / (Increase) in Short Term Loans & Advances	787,260		409,085	
7	Increase / (Decrease) in Other Current Liabilities	(164,799)		1,704,002	
8	Increase / (Decrease) in Short Term Borrowings	(2,590,339)	(7,134,660)	19,469,851	6,199,887
E.	Operating Profit before Extra Ordinary Item		24,288,259		28,395,990
1	Less: Loss Due to Fire		(9,880,253)		0
F.	CASH GENERATED FROM OPERATIONS		14,408,006		28,395,990
1	Less : Direct Taxes paid		6,008,670		4,663,042
G.	NET CASH FROM OPERATING ACTIVITY		8,399,336		23,732,948
II .	CASH FLOW FROM INVESTING ACTIVITY :				
1	Purchase of Tangible Assets	(7,038,852)		(11,494,693)	
2	Capital subsidy From UNIDO	0		886,978	
3	Other non Operating Income	3,793,886	(3,244,966)	0	(10,607,715)
H.	NET CASH FROM / (USED) IN INVESTING ACTIVITY		(3,244,966)		(10,607,715)
III .	CASH FLOW FROM FINANCING ACTIVITY :				
1	Repayment of Term Loan/ Borrowings	(5,124,162)		1,025,039	
2	Unsecured Loan Taken	0		10,000,000	
3	Repayment of Vehicle Loan/Working Capital Loan	(113,869)		(109,671)	
4	Interest on Borrowings	(4,505,456)	(9,743,487)	(3,596,718)	7,318,650
I.	NET CASH FROM / (USED) IN FINANCING ACTIVITY		(9,743,487)		7,318,650
IV .	NET INCREASES / (DECREASE) IN CASH & CASH EQUIVELENTS		(4,589,117)		20,443,884
V .	Add: Cash & Cash Equivalents at beginning of the year				
i	- Cash on Hand	626,401		516,880	
ii	- Balance with Bank	240,572		(12,563,337)	
iii	- Fixed Deposit with Bank	8,973,454		1,877,824	
iv	- Bank Gurantee	434,824	10,275,251	0	(10,168,633)
VI .	Cash & Cash Equivalents at the end of the year		5,686,134		10,275,251
	Components of Cash & Cash Equivalents				
i	- Cash on Hand	282,856		626,401	
ii	- Balance with Bank	253,300		240,572	
iii	- Fixed Deposit with Bank	4,898,978		8,973,454	
iv	- Bank Gurantee	251,000		434,824	
			5,686,134		10,275,251
Statement of Significant Accounting Policies		1			
Notes to Accounts		2 to 35			
	NOTES :				
1	Figures in brackets indicate cash outflow.				
2	The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 - Cash Flow Statement as prescribed by Companies (Accounting Standards) Rules, 2006.				
This is the Cash Flow Statement referred to in our report of even date					
For P.B. MEHTA & ASSOCIATES, Chartered Accountants			For and on behalf of the Board		
(PARAG B. MEHTA) Membership No. : 39878 Proprietor INDORE, Dated 1st September, 2012			Managing Director		
			Director		
			Director		



Note 26 C.I.F. Values of Imports:

Sr. No.	Items	2011-2012	2010-2011
a)	Raw Materials	37611395.17	37194883.90
b)	Capital Goods	911315.00	-

Note 27 Expenditure in foreign currency:

Commission Nil

Note 28

F.O.B. Value of earnings in foreign exchange Rs. 15,433,942/-.

Note 29 Segment Reporting

The Company is engaged in the business of manufacturing and Trading of Bulk Drugs Formulation products only one business segment, discloser under accounting Standard as 17 “Segment Reporting” issued by the institute of Chartered Accountants of India is not applicable.

Note 30 Employee Benefits

Defines Contribution plan :

(Amount in Rupees)		
Particulars	Current year	Previous Year
Employer contribution to Provident Fund	187,543	118,572
Employer contribution to ESIC	81,998	43,418

Note 31 Dues to Micro, Small & Medium Industries

Disclosure of Trade Payable and other liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act 2006”. There is no amount overdue as on 31st March, 2012 to Micro, Small and Medium Enterprises on account of principal amount together with interest and also during the previous year.

Note 32 Amount paid to Auditors

(Amount in Rupees)		
Particulars	Current year	Previous Year
Auditors Fees	40000	40000



Note 33 Earning Per Share

Particulars	Current Year	Previous Year
Profit after tax and prior years tax adjustments as per the Statement of Profit and Loss	1,81,86,1751	8,779,582
Number of Shares at the beginning of the year	5015400	5015400
Number of Equity shares outstanding at the end of the year	5015400	5015400
Basic earnings per share	3.63	1.75
Diluted earnings per share	3.63	1.75
Nominal value of shares	Rs 10/-	Rs 10/-

Note 34

During the year, there was a fire incident at Company's factory unit situated at Sanwer Road, Indore, Madhya Pradesh. A part of the inventory of Raw Material, Finished Goods, Stock in process, Plant & Machinery, accessories, Building, furniture and other office equipments was damaged. The Company has already lodged insurance claim with the insurance Company after providing salvage value for above damage. Company is confident to receive the full claim and hence the company has not provided any losses on account of fire at this stage and suitable treatment will be given after the settlement of claim with the insurance company.

Note 35 Related Parties Discloser:

List of Related Parties and relationships:

S.No.	Name of the Related party	Relationship
1	Turakhia Brothers	Associate Companies / and Firms
2	Invochem Laboratories	
3	Synodrug & Intermediates	
4	Suneeta Chemicals	
5	Gene Biotech Pvt Ltd	
6	Paramount Organics	
7	Mahendra A Turakhia	Key Managerial Personnel
8	Kishore A Turakhia	
9.	Rajesh A Turakhia	
10.	Arti K Turakhia	Relative of Key Managerial Personnel



(i) Particulars of related Parties Transaction:

The following is a summary of significant related parties Transaction

(Amount in Rupess)

S.No	Related Party	Sale	Purchase	Processing Charges	Rent	Testing Charges	Commissi on Paid
1	Turakhia Brothers	- (48931)	5632307 (11516858)	-	174000	-	-
2	Invochem Laboratories	-	-	-	-	62893 (49506)	-
3	Synodrug & Intermediates	4524095 (175370)	191305 (5609421)	311632 (58686)	-	-	-
4	Suneeta Chemicals	-	-	6218708 (86880)	-	-	-
5	Gene Biotech P Ltd	(1184495)	11308297 (8505779)	-	-	-	-
6	Arti K Turakhia	-	-	-	174000 (72000)	-	-
7	Paramount Organics	-	-	1017850 (-)	-	-	-

(ii)Details of remuneration paid Key Management Personnel (KMP)

(Amount in Rupess)

Key Management Personnel	Current year	Previous year
Mahendra A Turakhia	720000	495000
Kishore A Turakhia	580000	135000
Rajesh A Turakhia	580000	135000

As per our report attached
For **P B Meththa & Associates.,**
Chartered Accountants

(PARAG B MEHTA)
Proprietor

Place :Indore
Date :: 1st September 2012

For and on behalf of the Board

MAHENDRA TURAKHIA
Chairman & Managing Director

KISHORE TURAKHIA
Director

RAJESH TURAKHIA
Director



Panchsheel Organics Limited
Registered Office : B-6 & B-7, Sector-C,
Industrial Area, Sanwer Road, Indore (M.P.)

ATTENDANCE SLIP
23rd Annual General Meeting on 29th September 2012

R/F. No.

Mr./Mrs./Miss.

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 23rd Annual General Meeting of the Company being held at B -6 & B -7, Sector - C, Industrial Area, Sanwer Road, Indore (M.P.) on Saturday 29th September, 2012 at 11.00 AM.

.....
Proxy's name in Block Letters

.....
Members'/Proxy's Signature

NOTES:

Shareholders/Proxy holders are requested to bring the attendance slips with them when they come to the Meeting and attend them over at the entrance after affixing their signatures on them.

If it is intended to appoint a proxy, the Form of Proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

.....
Panchsheel Organics Limited
Registered Office: B-6 & B-7, Sector-C,
Industrial Area, Sanwer Road, Indore (M.P.)
PROXY FROM

I/We.

of. being a

Member of Panchsheel Organics Limited holding

Ordinary Share(s) hereby Appoint

or calling him / her

of as my/our proxy to vote for me/our on my/our

behalf at the Annual General Meeting of the Company to be held on Saturday, 29th September 2012 at 11.00 AM. and at any adjournment thereof.

As witness my/our hand (s) this day of 2012

Signed by the said

Folio No.

Affix 1
Rupee
Revenue
Stamp

NOTE : If it is intended to appoint a proxy, the Form of Proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

[illegible]

[illegible]