



## PANCHSHEEL ORGANICS LIMITED

### ANNUAL REPORT 2015-16

#### **BOARD OF DIRECTORS**

Mahendra Turakhia	Chairman & Managing Director	(DIN No. 00006222)
Kishore Turakhia	Promoter/Executive Director	(DIN No. 00006236)
Rajesh Turakhia	Promoter/Executive Director	(DIN No. 00006246)
Darshana Vishal Shah	Independent and Non-Executive Director	(DIN No. 07360922)
Diwakar Mani Tripathi	Independent and Non-Executive Director	(DIN No. 06912629)
Shambhunath chakravarti	Independent and Non-Executive Director	(DIN No. 06924557)

#### **REGISTERED OFFICE**

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

#### **CORPORATE OFFICE**

1, Kapadia Chamber, 1<sup>st</sup> Cinema Road,  
Mumbai – 400 020

#### **BANKERS**

1. Yes Bank Ltd,  
Horniman Circle, Mumbai

2. HSBC Bank,  
M. G. Road, Fort, Mumbai

#### **AUDITORS**

M/s V. R. Shah & Associates  
Chartered Accountants

#### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Miss. Aparna Ramesh Akadkar

#### **CHIEF FINANCIAL OFFICER**

Mr. 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

**PANCHSHEEL ORGANICS LIMITED**

Regd. Offc.: B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,  
Indore, Madhya Pradesh -452015.

CIN: L24232MP1989PLC005390

☎ 0731-2721709 ☎ 91-22063929 ✉ [www.panchsheelorganics.com](http://www.panchsheelorganics.com)

**NOTICE**

NOTICE is hereby given that 27<sup>th</sup> Annual General Meeting (AGM) of the Members of the Panchsheel Organics Limited will be held on Friday, September 30, 2016 at 11.00 a.m. at the Registered Office of the Company at B-6 & B-7 Sector-C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh - 452015.

Notice of the Meeting together with Balance Sheet as at 31<sup>st</sup> March, 2016, Profit & Loss Account for the year ended on that date, including the Notes/ Schedules thereto, Auditors Report and Directors Report Annual Report has been available for the Members on 5<sup>th</sup> September, 2016 on the Company's website- [www.panchsheelorganics.com](http://www.panchsheelorganics.com) and the same shall also be available for inspection, during the office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request to their registered address and the aforesaid documents have also been sent electronically to those members who have registered their e-mail addresses.

(Note: The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing companies to send documents to their shareholders in electronic mode) only.

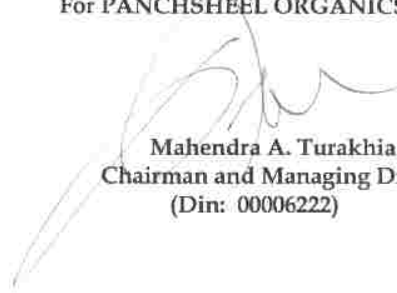
Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses with Purvaregistry, Registrar and Share Transfer Agents of the Company.

Notice pursuant to Section 91 of the Companies Act, 2013 read with Regulation 42 of the SEBI Listing Regulations 2015 that the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24<sup>th</sup> September, 2016 to Friday, 30<sup>th</sup> September, 2016 (both the days inclusive) for the purpose of ensuing AGM.

**For PANCHSHEEL ORGANICS LIMITED**

Place: Mumbai

Date: 02<sup>nd</sup> September, 2016

  
Mahendra A. Turakhia  
Chairman and Managing Director  
(Din: 00006222)

## NOTICE

**NOTICE** is hereby given that 27<sup>th</sup> Annual General Meeting (AGM) of the Members of the Panchsheel Organics Limited will be held on Friday day, September 30, 2016 at 11:00 a.m. at the Registered Office of the Company at B-6 & B-7 Sector-C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh -452015.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Kishore A. Turakhia (DIN: 00006236) who retires by rotation, and being eligible offers himself for re-appointment.
3. To consider and approve the dividend for the Financial Year 2015-16.
4. To appoint new Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution: " M/s. Jayesh R. Shah & Co., Chartered Accountant, be and are hereby appointed at the 27th Annual General Meeting as Statutory Auditors of the Company, to hold office till the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company on such remuneration to be fixed by the Board of Directors of the Company.
5. To receive, consider and adopt IFCR report and Secretarial audit report from auditors.

### SPECIAL BUSINESS :

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution: "RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to provisions of 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Members of the Company be and is hereby accorded to the Board of Directors to borrow money, from time to time at its discretion either from the Company's bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors upto a limit not exceeding in the aggregate R 2,00,00,00,000/- [Rupees Two Hundred Crores Only] notwithstanding that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves that it is to say, reserves not set apart for any specific purpose;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such actions and steps, including delegation of authority, as may be necessary and to settle all matters arising out of and incidental thereto and to sign and execute on behalf of the Company such agreements, deeds, applications, documents and writings as may be required in this regard and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

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

"RESOLVED THAT in supersession of all earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013(including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent be and is hereby accorded to the Board of Directors or any Committee constituted by the Board (hereinafter referred to as 'the Board') for creating the mortgage/pledge/hypothecation/charge on the whole or part of the Company's land, building thereon, machinery, stocks, book debts and all other assets whether movable or immovable of the Company situated in India or abroad in one or more tranches and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of any of the financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) to secure the working capital facilities/term loans/corporate loans/debentures/other credit facilities raised/to be raised by the Company from such financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) together with interest at the respective agreed rates, compound/additional interest, commitment charge, charges on prepayment or on redemption, costs, charges, expenses and all other moneys payable/to be payable to the financial institution(s), bank(s), body corporate(s), lending institution(s) or person(s) in terms of their respective agreements/letters of sanction/ memorandum of terms and conditions, entered into/to be entered into by the Company in respect of the said working capital facilities/term loans/corporate loans/debentures/other credit facilities up to a sum not exceeding R 2,00,00,00,000/- (Rupees Two Hundred Crores Only) at any time;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such actions and steps as may be necessary and to settle all matters arising out of and incidental thereto and to finalize the form, extent and manner of and the documents and deeds, as may be applicable, for creating the mortgage/pledge/hypothecation/ charge on the whole or part of the Company's land, building thereon, machinery, stocks, book debts and all other assets whether movable or immovable of the Company situated in India or abroad on such terms and conditions as may be decided by the Board in consultation with the lenders and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

For PANCHSHEEL ORGANICS LIMITED

Mahendra A. Turakhia  
Chairman and Managing Director  
(Din: 00006222)

Date: 02/09/2016  
Place : Mumbai

Regd. Office.:  
B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,  
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CIN: L24232MP1989PLC005390  
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**NOTES:**

1. The Register of Member & Share Transfer Book of the company will remain closed from 24<sup>th</sup> September, 2016 to 30<sup>th</sup> September, 2016 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A Proxy form is annexed with this Notice. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

1. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 7 days before the Annual General Meeting so that the same can be suitably replied.

2. Those Members who have so far not encashed their Dividend Warrants for earlier financial years may claim or approach the Company for payment, otherwise, the same will be transferred to the notified Fund as per the provision of Section 123 of the Companies Act, 2013
  3. Members are requested to notify change in address, if any, immediately to the Company at its Registered Office, quoting their Folio Numbers.
  4. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, Members who have not registered their e-mail addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email-id. Members holding shares in dematerialized form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will be available on the Company's website-[www.anuhpharma.com](http://www.anuhpharma.com) and the same shall also be available for inspection, during the office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.
  5. Voting through electronic means: In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The instructions for e-Voting Services will be sent separately.
1. There will be one e-voting for every Client ID No. / Folio No., irrespective of the number of joint holders.
  2. Members can opt for only one mode of voting i.e. through e-voting. In case Members cast their votes by e-voting, the votes cast through e-voting shall prevail and the votes cast through postal ballot form shall be considered invalid.
  3. The e-voting shall not be exercised by a proxy.

Procedure to vote by means of E-Voting

1. In case email address of the Sole / First Holder is available with the Issuer/R&T Agent :
  - a. NSDL will generate User ID & password and send the same at the email address provided by issuer/R & T Agent.
  - b. Using the User ID and password, you will login to the e-Voting system [www.evoting.nsdl.com](http://www.evoting.nsdl.com) of NSDL.

2. Others (where email address of the Sole / First Holder is not available with the Issuer/R&T Agent)
  - a. NSDL will generate User ID and password and provide it to the Issuer/R&T Agent.
  - b. The Issuer/R&T Agent will dispatch the User ID and password in a PIN mailer at the address of the Sole/First Holder.
  - c. Using the User ID and password, you will login to e-Voting system [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
  - d. Home page of “e-Voting” opens. Click on “e-Voting: Active E-voting Cycles”.
3. Select “EVEN” (Electronic Voting Event Number) of (Name of the Company).
4. Now you are ready for e-Voting as “Cast Vote” page opens.
5. Cast your vote by selecting appropriate option and click on “Submit” and also click on “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. Once you have voted on the resolution, you will not be allowed to modify your vote.
8. The corporate and institutional shareholders (companies, trusts, societies, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/ Appropriate Authorization etc. together with attested specimen signature of the duly authorized signatory(ies), to the Scrutinizer through e-mail at [acs.gaurangshah@gmail.com](mailto:acs.gaurangshah@gmail.com) with a copy marked to [www.evoting.nsdl.com](http://www.evoting.nsdl.com). You can also forward the documents at the Company’s email ID : [acs.gaurangshah@gmail.com](mailto:acs.gaurangshah@gmail.com)
9. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for Login to cast your vote.
10. The period for e-voting starts on 24<sup>th</sup> September, 2016 and ends on 30<sup>th</sup> September, 2016.
11. E-voting shall be disabled by NSDL at 5:30 p.m.

In case of any queries, you may refer to the ‘Frequently Asked Questions’ (FAQs) for Shareholder on NSDL E-Voting website: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) You can also send your queries/ grievances relating to e-voting to the e-mail ID:- [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

6. The Members/Proxies are requested to bring the attendance slip duly filled in for attending the Meeting.



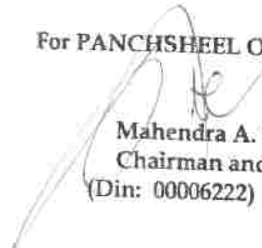
7. The relative Explanatory Statement, pursuant to Section 102 in respect of the special business set out in the accompanying Notice is annexed hereto.

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 6 & 7.**

Pursuant to the erstwhile provisions of Sections 293(1)(d) and 293(1)(a) of the Companies Act, 1956, the Board of Directors was authorized by the Members of the Company to borrow moneys on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of R 2,00,00,00,000/- (Rupees Two Hundred Crores Only) at any point of time and also, to secure the said borrowings by creating mortgage/charge on all or any of the movable/immovable properties of the Company. Accordingly, in order to remain compliant with the provisions of Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the consent of the Members is being sought by way of special resolutions for authorizing the Board of Directors to borrow moneys on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of R 2,00,00,00,000/- (Rupees Two Hundred Crores Only) at any point of time and also, to secure the same by creating the mortgage/pledge/hypothecation/charge on the whole or part of the Company's land, building thereon, machinery, stocks, book debts and all other assets of the Company whether movable or immovable, situated in India or abroad. None of the Directors and Key Managerial Personnel or relatives of them are interested in the above resolution. The Board of Directors recommends the resolutions set forth in Item Nos. 06 & 07 for the approval of the Members as Special Resolutions.

For PANCHSHEEL ORGANICS LIMITED

  
Mahendra A. Turakhia  
Chairman and Managing Director  
(Din: 00006222)

Date: 02/09/2016  
Place: Mumbai

Regd. Office.:  
B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,  
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## **DIRECTOR'S REPORT: 2015-2016**

Your Directors take pleasure in presenting the 27<sup>th</sup> Annual Report together with the Audited Balance Sheet as at 31 March, 2016 and the Statement of Profit & Loss for the year ended 31st March, 2016.

### **OPERATING RESULTS**

Particulars	2015-2016 (₹)	2014-2015 (₹)
Revenue from Operation	403,949,488.00	358,037,403.65
Other Income	3,123,615.74	1,083,582.31
<b>Total Income</b>	<b>407,073,103.74</b>	<b>359,120,985.96</b>
Operating, Depreciation and Other Expenses	359,930,719.11	324,810,928.60
Administrative and Finance Cost	5,363,480.33	6,676,305.08
<b>Total Expenses</b>	<b>365,294,199.44</b>	<b>331,487,233.68</b>
<b>Profit before Tax</b>	<b>41,778,904.30</b>	<b>27,633,752.28</b>
Less: Provision for Current Tax	9,600,000.00	11,907,691.43
Provision for Deferred Tax	1,775,926.53	(3,644,634.54)
Income Tax for earlier year	-	379,604.56
<b>Profit After Tax</b>	<b>30,402,977.77</b>	<b>18,991,090.82</b>

### **PERFORMANCE**

During the year under review your Company's turnover of ₹ 403,949,488 in the current year 2015-16 compared to ₹ 358,037,404 in the previous fiscal year 2014-2015, registering an increase of 12.82 %. The Turnover of the Company for the year under review showed a consistent growth.

### **DIVIDEND**

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of final dividend of 10% per equity share (₹ 1/- per equity share) for the financial year ended March, 2016. The Dividend will be paid in compliance with the applicable regulations.

The dividend will be paid to the members whose names appears in the Register of Members between 24<sup>th</sup> September, 2015 to 30<sup>th</sup> September, 2015 in respect of shares held in dematerialized form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

### **REVIEW OF OPERATIONS & FUTURE PROSPECTS:**

The Turnover of the Company for the year under review showed a increase of 12.82% over the corresponding previous year.

### **DIRECTORS**

Your Company has 6 Directors consisting of 3 Independent Directors, 3 (Three) Executive Directors including Managing Director as on March 31, 2016.

In accordance with the Articles of Association of the Company and In terms of Section 152 of the Companies Act, 2013, Mr. Kishore A. Turakhia the Directors of the Company, retire by rotation and being eligible, offer them for re-appointment.

#### **AUDITORS**

M/s V R. Shah & Associates, Chartered Accountants, the Statutory Auditor of the Company retire at the ensuing Annual General Meeting and Board recommended M/S. Jayesh R. Shah & Co, Chartered Accountant, Mumbai to act as a Statutory Auditor of the company to hold the office from the date of 27th Annual General Meeting until the conclusion of the 32<sup>nd</sup> Annual General Meeting subject to confirm in AGM.

#### **AUDITOR'S REPORT**

Information and explanations on items contained in the Auditors Report which might be considered to be "Reservations, Qualifications or adverse Remarks" is given below:

#### **COST ACCOUNTING**

The Board of Directors of Company has, upon recommendations of the Audit Committee set necessary step to maintain Cost Accounting Records by the Company for the Financial Year 2015-16.

#### **KEY MANAGERIAL PERSONNEL**

Mr. Chandrakant A. Shah, Chief Financial Officer and Miss. Aparna Ramesh Akadkar Company Secretary and Compliance Officer of the Company were appointed as Key Managerial Personnel during the Financial Year 2015-16 in accordance with the Section 203 of the Companies Act, 2013.

#### **NUMBER OF MEETINGS OF THE BOARD**

Regular meetings of the Board are held to discuss and decide on various business policies, strategies and other businesses. The schedule of the Board/Committee meeting to be held in the forthcoming financial year is being circulated to the Directors in advance to enable them to plan their schedule for effective participation in the meetings. Due to business exigencies, certain business decisions are taken by the Board through circulation from time to time.

During the Financial Year 2015-16, the Company held 4 board meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below. The provisions of Companies Act, 2013 and listing agreement were adhered to while considering the time gap between two meetings.

S No.	Date of Meeting	Board Strength	No. of Directors Present
1	30.05.2015	6	6
2	14.08.2015	6	6
3	09.11.2015	6	6
4	13.02.2016	6	6

## **COMMITTEE OF DIRECTORS**

The Company has following Committees of the Board:

- \*Audit Committee
- \*Nomination and Remuneration Committee
- \*Shareholder grievances committee/Investors Grievances Committee:

The details with respect to the compositions, powers, roles, terms of reference, etc. of relevant committees are given in details in the 'Report on Corporate Governance' of the Company which forms part of this Annual Report.

## **SUBSIDIARY COMPANIES**

The Company does not have any subsidiary.

## **FIXED DEPOSITS**

The Company has not invited and accepted any Fixed Deposits from the public within the meaning of with Section 73 and 74 of the Companies Act, 2013 read with Rule 8(5)(v)&(vi) of the Companies (Accounts) Rules, 2014, hence disclosure required under above rule not applicable to the Company.

## **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 SEBI Listing Regulations 2015 of listing agreement with the Stock Exchanges are given as a separate statement in the Annual Report.

## **PARTICULARS OF EMPLOYEES**

Particulars of employees as required u/s 134 of the Companies Act, 2013 are not annexed since there are no employees drawing remuneration of more than Rs 60,00,000/- per annum during the year under review, if employed for full year or more than Rs.5,00,000/- per month, if employed for part of the year.

## **DIRECTORS RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013-

- 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) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. 31st March, 2016 and of the profit or loss of the Company for the year ended on that date.
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors had prepared the annual accounts on a going concern basis.

- 5) That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- 6) That systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **DECLARATION BY INDEPENDENT DIRECTOR(S) AND RE-APPOINTMENT**

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Independent Directors shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for next five years on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

#### **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 2016-2017 has already been paid.

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **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 SEBI Listing Regulations 2015 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 Listing Agreement and the same is annexed to the report on Corporate Governance.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed as "Annexure-A" to the Directors' Report.

#### **BUSINESS RISK MANAGEMENT**

The Company has a robust Business Risk Management (BRM) framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels including

documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level as also separately for business. The Company has adopted risk management policy.

### **INTERNAL FINANCIAL CONTROL**

The Company has in place adequate internal financial controls with reference to financial statements. The Company has adopted policy on internal financial control system for proper observation of adequate internal financial controls.

### **POLICIES**

#### **Vigil Mechanism / Whistle Blower Policy**

The Company has a vigil mechanism named Whistle Blower Policy (WBP) in accordance with Section 177(9) of the Companies Act, 2013 and SEBI Listing Regulations 2015 to deal with instances of fraud and mismanagement, if any. The vigil mechanism/Whistle Blower Policy is uploaded on the Company's website.

#### **Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. Extract of Remuneration Policy is annexed in Corporate Governance Report.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Bank and were on arms length basis. There were no materially significant related party transactions entered by the Company with promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company. Considering the nature of the industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are on arm's length basis. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, form AOC-2 is not applicable to the Company.

### **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In order to prevent sexual harassment of women at work place a new act The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013. Under the said Act every Company is required to set up an Internal Complaints Committee to look into complaints relating to sexual harassment at work place of any women employee. A policy for prevention of Sexual Harassment of Women at workplace and setting up of the Committee for implementation of said policy is under review and consideration.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report is attached separately to this report



## **CORPORATE SOCIAL RESPONSIBILITY**

The company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

## **SECRETARIAL AUDITOR**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s GMS & CO., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as "Annexure-B" to the Directors' Report.

## **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually, the Chairperson's as well as the evaluation of the working of its Audit Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

There was unpaid/unclaimed Dividend of Rs.109,632.50 declared and paid in financial year 2014-15. The company has unpaid/unclaimed dividend of Rs.115,612/- and Rs.110,292.50/- for past years which are not due for transfer to Investor Education and Protection fund pursuant to the provisions of Section 125 of the Companies Act, 2013.

## **MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

## **EMPLOYEES STOCK OPTION PLAN**

The Company has not provided any Stock Option Scheme to the employees.

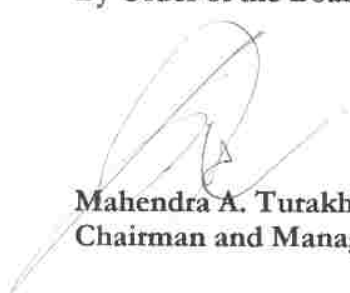
## **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation and sincere thanks to the state government, government agencies, banks, financial institutions, joint venture partners, customers, shareholders, fixed deposit holders, vendors and other related organizations who through their continued support and co-operation, have helped, as partners, in your Company's progress.

Your Directors also acknowledge the hard work, dedication and commitment of the employees.

**By Order of the Board of Directors**

**Place: Mumbai**  
**Date: 30<sup>th</sup> May, 2016**



**Mahendra A. Turakhia**  
**Chairman and Managing Director**



## ANNEXURE TO DIRECTOR'S REPORT

Information pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 2014 forming part of the Directors Report for the year ended 31<sup>st</sup> March 2016.

### CONSERVATION OF ENERGY

Wherever possible energy conservation measures have been taken along with the additional investments for the same 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	636291	683645
	Amount (Rs. In Lacs)	47.28	50.74
	Rate per unit (Rs.)	7.43	7.42
	Consumption per unit of Production (in unit)/Kg	10.61	9.55
2.	Furnace Oil (Diesel)		
	Total units (ltr.)	7735.95	394705
	Amount (Rs. In Lacs)	21.49	27.94
	Rate per Unit (Rs.)	277.77	7.08
	Consumption per unit of production (in unit) Kg	0.13	5.51

#### 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 , productivity & Transparency
3.	Future plan of action.	Up gradation of technology & Improving standard of living.
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.

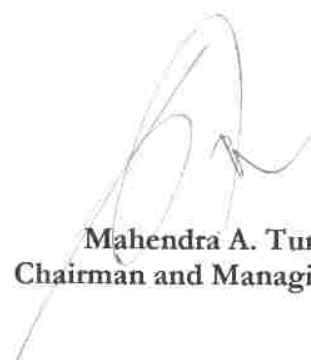
## **FOREIGN EXCHANGE EARNINGS AND OUTGOINGS**

During the year under review Company has imported the raw materials of ₹ 80,383,828.16/- and exported the goods worth ₹ 12,240,575.53/-.

During the year company spent foreign exchange of 'Rs.117593.71 for capital expenditure and consultancy fees.

**By Order of the Board of Directors**

Place: Mumbai  
Date: 30<sup>th</sup> May, 2016



**Mahendra A. Turakhia**  
Chairman and Managing Director

**ANNEXURE- A**

**Form No. MGT-9**

**ANNUAL RETURN**

**As on the financial year ended on 31/03/2016**

**of**

**PANCHSHEEL ORGANICS LIMITED**

*[Pursuant to Section 92(1) of the Companies Act, 2013*

*and*

*Rule 11(1) of the Companies (Management and Administration) Rules, 2014]*

**1. REGISTRATION AND OTHER DETAILS:**

CIN	L24232MP1989PLC005390
Registration Date	02/08/1989
Name of the Company	PANCHSHEEL ORGANICS LIMITED
Category / Sub-Category of the Company	Indian Non-Government Company
Address of the Registered Office and contact details	B-6 & B-7 Sector-C, Industrial Area, Sanwer Road, Indore-452015, Madhya Pradesh.
Whether listed company	Listed
Name, address and contact details of Registrar and Transfer Agent, if any	Purva Share Registry (India) Pvt. Ltd ,Unit No. 9, Shiv Shakti Ind. Estt., J.R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai-400011

**2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated):-

SL. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the Company
01	Manufacture of pharmaceuticals, medicinal chemical products	21	100%

**3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

SL. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
	NA				

#### 4. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

[illegible]



i) Individual Shareholders holding nominal share capital upto Rs. 2 Lakh	402912	359200	762112	15.20%	509465	355500	864965	17.25%	2.05%
ii) Individual Shareholders holding nominal share capital in excess of Rs. 2 Lakh	370018	19800	389818	7.77%	272535	0	272535	5.43%	2.34%
c) Other (Specify)									
i) Non Resident Indians	70831	--	70831	1.41%	81348	--	81348	1.62%	0.21%
ii) Hindu Undivided Families	31920	--	31920	0.64%	35820	--	35820	0.71%	0.07%
iii) Clearing Members	1799	--	1799	0.04%	3599	--	3599	0.07%	0.03%
<b>Sub-Total (B)(2):</b>	890008	705100	1595108	31.80%	913564	681500	1595064	31.80%	-
<b>Total Public Share holding (B)= (B)(1) +(B)(2)</b>	4310200	705200	5015400	100%	4331100	684300	5015400	100%	--
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	4310200	705200	5015400	100%	4331100	684300	5015400	100%	--



ii. Shareholding of Promoters

Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of Change in share holding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	
1.Kishore Abhaychand Turakhia	1121240	22.36%	NIL	1121240	22.36%	NIL	--
2. Rajesh Abhaychand Turakhia	1157239	23.07%	NIL	1157239	23.07%	NIL	--
3. Mahendra Abhaychand Turakhia	1130713	22.55%	NIL	1130757	22.55%	NIL	--
4.Mahendra A Turakhia (Huf)	3700	0.07%	NIL	3700	0.07%	NIL	--
5. Rajesh A Turakhia (Huf)	3700	0.07%	NIL	3700	0.07%	NIL	--
6. Kishore A Turakhia (Huf)	3700	0.07%	NIL	3700	0.07%	NIL	--
<b>TOTAL</b>	<b>34,20,292</b>	<b>68.20%</b>		<b>34,20,336</b>	<b>68.20%</b>	<b>-</b>	<b>-</b>

iii. Change in Promoters' Shareholding ( please specify, if there is no change)

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>AT THE BEGINNING OF THE YEAR</b>				
Kishore Abhaychand Turakhia	1121240	22.36%	1121240	22.36%
Rajesh Abhaychand Turakhia	1157239	23.07%	1157239	23.07%
Mahendra Abhaychand Turakhia	1130713	22.55%	1130713	22.55%
Mahendra A Turakhia (Huf)	3700	0.07%	3700	0.07%
Rajesh A Turakhia (Huf)	3700	0.07%	3700	0.07%
Kishore A Turakhia (Huf)	3700	0.07%	3700	0.07%
<b>DATE WISE INCREASE/DECREASE in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):</b>				
Kishore Abhaychand Turakhia	-	-	-	-
Rajesh Abhaychand Turakhia	-	-	-	-
Mahendra Abhaychand Turakhia	-	-	-	-
Mahendra A Turakhia (Huf)	-	-	-	-
Rajesh A Turakhia (Huf)	-	-	-	-
Kishore A Turakhia (Huf)	-	--	--	--
<b>AT THE END OF THE YEAR</b>				
Kishore Abhaychand Turakhia	1121240	22.36%	1121240	22.36%
Rajesh Abhaychand Turakhia	1157239	23.07%	1157239	23.07%
Mahendra Abhaychand Turakhia	1130757	22.55%	1130757	22.55%
Mahendra A Turakhia (Huf)	3700	0.07%	3700	0.07%
Rajesh A Turakhia (Huf)	3700	0.07%	3700	0.07%
Kishore A Turakhia (Huf)	3700	0.07%	3700	0.07%

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
For Each Top 10 Share Holders	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b><u>AT THE BEGINNING OF THE YEAR</u></b>				
Suneeta Chemicals Pvt Ltd	302600	6.03%	302600	6.03%
Manish Umed Doshi	100000	1.99%	100000	1.99%
Kamlesh M Gandhi	83294	1.66%	83294	1.66%
Tripathi Diwakar Mani	55181	1.10%	55181	1.10%
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	There is no change in Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)			
<b><u>AT THE END OF THE YEAR</u></b>				
Suneeta Chemicals Pvt Ltd	302600	6.03%	302600	6.03%
Manish Umed Doshi	100000	1.99%	100000	1.99%
Kamlesh M Gandhi	83294	1.66%	83294	1.66%
Tripathi Diwakar Mani	55181	1.10%	55181	1.10%

v. Shareholding of Directors and Key Managerial Personnel

Name of Director/KMP:

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
For Each Directors and KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b><u>At the beginning of the year</u></b>				
Kishore Abhaychand Turakhia	1121240	22.36%	1121240	22.36%
Rajesh Abhaychand Turakhia	1157239	23.07%	1157239	23.07%
Mahendra Abhaychand Turakhia	1130713	22.54%	1130713	22.54%
Date wise Increase/Decrease in Promoters Shareholding during the				

year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
Kishore Abhaychand Turakhia	-	-	-	-
Rajesh Abhaychand Turakhia	-	-	-	-
Mahendra Abhaychand Turakhia	-	-	-	-
<b>At the end of the year</b>				
Kishore Abhaychand Turakhia	1121240	22.36%	1121240	22.36%
Rajesh Abhaychand Turakhia	1157239	23.07%	1157239	23.07%
Mahendra Abhaychand Turakhia	1130713	22.54%	1130713	22.54%

#### 5. INDEBTEDNESS :

(Indebtedness of the Company including interest outstanding/accrued but not due for payment):

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	20,757,044.58	-	-	20,757,044.58
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ ii+ iii)	20,757,044.58	-	-	20,757,044.58
<b>Change in Indebtedness during the financial year</b>				
Addition	4,546,924.36	-	-	4,546,924.36
Reduction	-	-	-	--
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	25,303,968.94	-	-	25,303,968.94
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total ( i+ ii+ iii)	25,303,968.94	-	-	25,303,968.94

## 6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No	Particulars of Remuneration	Mahendra Abhaychand Turakhia (Managing Directors)	Rajesh Abhechand Turakhia (Whole-time director)	Kishore Abhaychand Turakhia (Whole-time director)
1.	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	-
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2	<b>Stock Options</b>	-	-	-
3	<b>Sweat Equity</b>	-	-	-
4	<b>Dir Remuneration &amp; Commission</b>			
	- as % of profit	30,00,000	28,80,000	28,80,000
	- Others, specify....			
5	Others, please specify -Fee for attending Board/ Committee Meetings	-	-	-
	<b>Total (A)</b>	-	-	-
	<b>Other Ceiling as per Act</b>	-	-	-

### B. Remuneration to other Directors:


Sr. No	Particulars of Remuneration	Darshana Vishal Shah	Diwakar Mani Tripath	Shambhnath Chakravart	Total amount
1.	<b>Independent Director</b>	-	-	-	-
	-Fee for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	<b>Total (1)</b>	-	-	-	-

2	Other Non Executive Directors		-	-	-
	-Fee for attending Board/Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	<b>Total B= 1+2</b>	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	<b>Other Ceiling as per Act</b>	-	-	-	-

7. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment/ Compounding Fees imposed	Authority [ RD/ NCLT/ COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>			N/A		
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>			N/A		
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICER IN DEFAULT</b>			N/A		
Penalty					
Punishment					
Compounding					

By Order of the Board of Directors

  
Mahendra A. Turakhia  
Chairman and Managing Director

Place: Mumbai  
Date: 30<sup>th</sup> May, 2016



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION AND OVERVIEW

The pharmaceutical industry is expected to grow at 19% in 2016 & the domestic pharmaceutical market is estimated to touch US \$ 25 billion by 2016. The Indian pharmaceutical industry ranks among the top five countries by volume (production) further, estimated the healthcare market in India to reach US \$31.59 billion by 2020. Low cost of skilled manpower and innovations are some of the main factors supporting this growth. According to the Department of Pharmaceuticals, the Indian pharmaceutical industry employs about 340,000 people and an estimated 400,000 doctors and 300,000 chemists.

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.

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.

## **SMES IN THE PHARMA INDUSTRY**

According to the Confederation of Indian Industries (CII), there are around 8,000 small and medium enterprises (SME) units, accounting for about 70% of the total number of the pharma units in India. Indian SMEs are also opening up for emerging opportunities in the pharmaceutical industry in the field of CRAMS, clinical research etc. These would drive them to play a definitive role in the transitional global pharmaceutical environment, where a sizeable number of drugs are expected to go off patent in the coming years. The Indian government has been making every attempt to support SMEs through several incentives. One such effort is the development of SME clusters in various parts of the country.

## INVESTMENT IN THE INDIAN PHARMACEUTICAL INDUSTRY

100% foreign direct investment (FDI) is allowed under automatic route in the drugs and pharmaceuticals sector, including those involving use of recombinant technology. Also, FDI up to 100% is permitted for brown field investments (i.e. investments in existing companies), in the pharmaceuticals sector, under the Government approval route. The drugs and pharmaceuticals industry attracted foreign direct investment to the tune of US\$ 19.17 BN for the period between April 2012 and January 2016.

## FACTORS INFLUENCING GROWTH OF THE INDUSTRY

The Indian pharmaceutical industry ranks 14<sup>th</sup> in the world by value of pharmaceutical products. With a well-established domestic manufacturing base and low-cost skilled manpower, India is emerging as a global hub for pharma products and the industry continues to be on a growth trajectory. Moreover, India is significantly ahead in providing chemistry services such as analogue preparation, analytical chemistry and structural drug design, which will provide it ample scope in contract research and other emerging segments in the pharmaceutical industry. Some of the major factors that would drive growth in the industry are as follows:

- **Increase in domestic demand:** More than half of India's population does not have access to advanced medical services, as they usually depend on traditional medicine practices. However, with increase in awareness levels, rising per capita income, change in lifestyle due to urbanisation and increase in literacy levels, demand for advanced medical treatment is expected to rise. Moreover, growth in the middle class population would further influence demand for pharmaceutical products.
- **Rise in outsourcing activities:** Increase in the outsourcing business to India would also drive growth of the Indian pharmaceutical industry. Some of the factors that are likely to influence clinical data management and bio-statistics markets in India in the near future include: 1) cost efficient research vis-à-vis other countries 2) highly-skilled labour base 3) cheaper cost of skilled labour 4) presence in end-to-end solutions across the drug-development spectrum and 5) robust growth in the IT industry.
- **Growth in healthcare financing products:** Development in the Indian financial industry has eased healthcare financing with introduction of products such as health insurance policy, life insurance policy and cashless claims. This has resulted in increase in healthcare spending, which in turn, has benefitted the pharmaceutical industry.
- **Demand in the generics market:** During 2015-2016, prescription drugs worth about US\$ 500 bn are expected to go off patent, mostly from the US. Prior experience of Indian pharmaceutical companies in generic drugs would provide an edge to them.
- **Demand from emerging segments:** Some of the emerging segments such as contract research and development, biopharma, clinical trials, bio-generics, medical tourism and pharma packaging are also expected to drive growth of the Indian pharmaceutical industry.

## **Indian pharmaceutical industry: SWOT analysis**

The SWOT analysis of the industry reveals the position of the Indian pharmaceutical industry in respect to its internal and external environment.

### **Strengths**

- Low cost of innovation, manufacturing and operations
- Low cost of skilled manpower and proven track record in design of high technology manufacturing devices.

### **Weaknesses**

- Stringent pricing regulations affecting the profitability of pharma companies
- Presence of more unorganised players versus the organised ones, resulting in an increasingly competitive environment, characterised by stiff price competition.

### **Opportunities**

- Opening of the health insurance sector and increase in per capita income - the growth drivers for the pharmaceutical industry
- India, a potentially preferred global outsourcing hub for pharmaceutical products due to low cost of skilled labour.

### **Domestic Markets**

The Company has a wide range of pharmaceutical 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.

### **Threats**

- Other low-cost countries such as China and Israel affecting outsourcing demand for Indian pharmaceutical products
- Entry of foreign players (well equipped technology-based products) into the Indian market.

### 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.

## 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 2015-16 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 2016 (₹)	Year ended March 31 2015 (₹)
<b>INCOME</b>		
Sales & Income from Operation		
Export	17,924,719.00	17,111,249.00
Domestic	396,125,708.00	351,766,465.00
	414,050,427.00	368,877,714.00
(Increase)/Decrease in Stocks	(10,120,687.48)	(7524,686.00)
Less: Excise Duty	10,286,763.00	10,893,055.00
Add:-Other Income	3,123,615.74	10,83,582.31
Other Operating Income	185,824.00	52,744.50
<b>TOTAL</b>	<b>407,073,103.74</b>	<b>35,91,20,985.96</b>
<b>EXPENDITURE</b>		
Operating Expenditure	27,26,24,535.70	23,52,52,106.46
Administrative And Other Expenditure	7,46,67,511.70	7,48,75,536.20
Finance Charges	5,363,480.33	6,676,305.08
Depreciation for the Year	12,638,671.71	14,683,285.94
<b>TOTAL</b>	<b>36,52,94,199.14</b>	<b>33,14,87,233.68</b>
<b>Profit Before Tax</b>	<b>41,778,904.30</b>	<b>27,633,752.28</b>
Less: Provision for Deferred Tax	1,775,926.53	(3,644,634.54)
Provision for Income Tax	96,00,000	11,907,691.43
Income-Tax for earlier Year	0	379,604.56
<b>Profit After Tax</b>	<b>30,402,977.77</b>	<b>18,991,090.82</b>
Balance brought forward		
Balance carried to balancesheet		
Earning Per Share	6.06	3.79

**(1) Total Income**

Our revenue has increase from ₹ 359,120,985.96 to ₹ 407,073,103.74 as compared to previous year i.e 2014-15 to at a rate of 13.35% The Sales have increase at a rate of 13.35% Sales in export market has increased to 813,470 in current year while sales in domestic market has increase from '351,766,465' to '396,125,708' as compared to previous financial year.

**(2) Operating Expenditure**

The operating expenditure has increase from ₹ 23,52,52,106.46 to 27,26,24,535.70 as compared to previous financial year. The operating expenditure has been increase by 15.89%.

**(3) Administrative and other expenses**

The administrative expenses have decrease from ₹ 7,48,75,536.20 to ₹ 7,46,67,511.70 as compared to previous financial year. The expenditure has decrease by 0.27 %

**(4) Interest and Financial Charges**

Net Financial charges has decrease from ₹ 6,676,305.08 to ₹ 5,363,480.33 as compared to previous financial year. There has been decrease of 19.66%.

**(5) Depreciation**

The Depreciation cost has decreased from ₹ 14,683,285.94 to ₹ 12,638,671.71 in Financial Year 2015-2016

**(6) Net Profit**

Net profit for the financial year 2015-16 is ₹ 30,402,977.77

**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. N (II other explanatory notes and information) 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.

A handwritten signature in dark ink, appearing to be 'Bil' or similar, written in a cursive style.

## Corporate Governance Report 2015-2016

The detailed report on Corporate Governance, for the financial year ended March 31, 2016 as per the format prescribed by SEBI and incorporated in **SEBI Listing Regulations 2015** 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 SEBI Listing Regulations 2015 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 Regulations, 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

<b>Category</b>	<b>Name of Director</b>
Promoter / Executive Director	Mahendra A. Turakhia Kishore A. Turakhia Rajesh A. Turakhia
Non Executive and Independent Director	Darshana Vishal Shah Diwakar Mani Tripathi Shambhunath Chakravarti

## 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 4 (Four) Board Meetings for the year ended 31<sup>st</sup> March, 2016. These were held on 30<sup>th</sup> May, 2015; 14<sup>th</sup> August, 2015; 09<sup>th</sup> November, 2015; 13<sup>th</sup> February, 2016.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31<sup>st</sup> March 2016 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	4	Yes	None	None
Kishore A. Turakhia	4	Yes	None	None
Rajesh A. Turakhia	4	Yes	None	None
Darshana Vishal Shah	2	Yes	None	None
Diwakar Mani Tripathi	4	Yes	None	None
Shambhunath Chakravarti	4	Yes	None	None

In accordance with the Articles of Association of the Company and In terms of Section 152 of the Companies Act, 2013, Mr. Kishore A. Turakhia the Directors of the Company, retire by rotation and being eligible, offer them 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:

## Corporate Governance Report 2015-2016

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 61 years, residing at B/105, Swetambari Apts., 2nd Floor, N. J. Road No. 5, Gulmohar Cross Road No. 6, Mumbai 400049 holds the degree of Bachelor of Commerce and has a rich experience in the Pharmaceuticals industry as well as finance.

### 2.5 Secretarial Standards Relating To The Meetings

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the Meetings of the Board thereof and Annual General Meetings. Approval of the Central Government under sub-section (10) of Section 118 of the Companies Act, 2013 has been accorded to the Secretarial Standards (SS) namely SS-1 on Meetings of the Board and SS-2 on General Meetings.

These Secretarial Standards (SS-1 and SS-2) shall apply to Board Meetings and General Meetings, in respect of which Notices are issued on or after 1st July, 2015. The Company shall follow the same.

### 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 ensure 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 Darshana Vishal Shah as a Chairman, Mr. Kishore A Turakhia and Diwakar Mani Tripathi as members. The Audit Committee meets with the requirement of the Companies Act, 2013 and SEBI Listing Regulations 2015. Miss.Aparna Ramesh Akadkara 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. .

## Corporate Governance Report 2015-2016

- (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 2015-16

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

Name Of Directors	Category	No. of Meetings held during the year	
		Held	Attended
Mrs.Darshana Vishal Shah	Independent	4	2
Mr. Kishore A. Turakhia	Non-Independent	4	4
Diwakar Mani Tripathi	Independent	4	4

### 3.4 Independent Directors' Meeting

During the year under review, the Independent Directors met regularly, inter alia, to discuss and review:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairperson of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## Corporate Governance Report 2015-2016

### 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, 2013.

The Remuneration Committee of the Board comprises three Directors namely:

Mr. Diwakar Mani Tripathi	- Chairman
Mr. Rajesh A Turakhia	- Member
Mrs. Darshana Vishal Shah	- Member

The details of remuneration of Executive Directors for the financial year 2013-2014 are given below:

(Rupees in Lacs)

Particulars	2015-16	2014-15	2013-14
Salary and Allowances (Rs.)	8760000	8760000	78,00,000
Contribution to PF, Superannuation and Gratuity Funds (Rs.)	-	-	-
Commission (Rs.)	-	-	-
Total (Rs.)	8760000	8760000	78,00,000

The details of remuneration paid to the Non-Executive Directors by way of sitting fees during the financial year 2015-16 are given below:



## Corporate Governance Report 2015-2016

Sr. No.	Name of the Non-Executive Director	Sitting fees (Rupees)	Other elements of remuneration
1.	Mrs.Darshana Vishal Shah	-	-
2.	Mr. Diwakar Mani Tripathi	-	-
3.	Shambhunath chakravarti	-	-

### 5. Shareholders/ Investor 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. Diwakar Mani Tripathi.

#### 5.3 Compliance Officer

Miss. Aparna Ramesh Akadkar 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
2012-2013	20 <sup>th</sup> July, 2013 at 11.30 am	Registered Office
2013-2014	30 <sup>th</sup> September, 2014 at 11.30 am	Registered Office
2014-2015	30 <sup>th</sup> September, 2015 at 2.30 pm	Registered Office

## **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. N of II other explanatory notes and information 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 SEBI Listing Regulations 2015.

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 SEBI Listing Regulations 2015 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

## Corporate Governance Report 2015-2016

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 **SEBI Listing Regulations 2015**, 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 SEBI Listing Regulations 2015

The Company has complied with the provisions of **SEBI Listing Regulations 2015**

## 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).
- (c) The Listing Centre of BSE is a web based application designed by the BSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, etc are also filed electronically on the Listing Centre.
- (d) The investors complaints are processed in a centralized web based complaints redress system. The salient features of this system is Centralised database of all companies, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

## 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

## **Corporate Governance Report 2015-2016**

The forthcoming Annual General Meeting of the Company is scheduled to be held on 30<sup>th</sup> September, 2016 at the Registered Office of the Company at 11.00 a.m. at B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore-452015.

### **10.2 Financial Year of the Company**

1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

### **10.3 Date of Book Closure**

From 24<sup>th</sup> September, 2016 to 30<sup>th</sup> September, 2016 (Both days inclusive).

### **10.4 Dividend payment date**

Credit/ dispatch of dividend warrants between 1<sup>st</sup> October, 2016 to 6<sup>th</sup> October, 2016.

#### 10.5 Listing on Stock Exchange

The Bombay Stock Exchange Limited, Mumbai

#### 10.6 Stock Code

531726 on The Bombay Stock Exchange Limited, Mumbai

#### 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. 1<sup>st</sup> April 2015 to 31<sup>st</sup> March, 2016.

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
April 2015	38.25	57.10	35.15	37.00	49,178
May 2015	37.00	44.00	34.65	38.25	10,766
June 2015	38.00	47.00	33.85	46.75	22,676
July 2015	44.00	53.65	40.60	45.50	43,770
August 2015	48.70	58.40	42.80	51.85	84,701
September 2015	50.00	80.75	46.00	80.75	92,318
October 2015	85.00	87.00	65.50	77.95	1,11,268
November 2015	76.25	124.70	72.55	122.70	1,71,313
December 2015	132.00	132.70	96.20	114.00	98,913
January 2016	118.00	127.00	70.20	93.70	79,445
February 2016	91.00	91.00	56.60	64.15	63,005
March 2016	66.00	99.40	66.00	80.35	49,613

#### 10.8 Registrar and Share Transfer agents

**Purva Share Registry (I) Private Limited**  
 Shiv Shakti Industrial Estate, Unit No. 9, 7/B  
 Sitaram Mill Compound, J. R. Boricha Marg  
 Lower Parel (East), Mumbai- 400 011.

## Corporate Governance Report 2015-2016

### 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 has been transfer of Equity shares in the physical form during the financial year 2015-16.

### 10.10 Shareholding Pattern as on March 31, 2016

#### Shareholding Pattern as on March 31, 2016

Sr. No.	Category of Shareholder	No. of Shareholders	Number of Shares	% of Equity
1.	Promoters	6	34,20,336	68.20 %
2.	Mutual Funds/ UTI	-	-	-
3.	Bank /Financial Institution/ Insurance Company	-	-	-
4.	FII's/GDR	-	-	-
5.	Private Bodies Corporate	41	3,36,794	6.72 %
6.	Indian Public	1609	1137500	22.68 %
7.	NRI's/OCBs	22	81,348	1.62 %
8.	Others	44	39,422	0.78 %
Total		1722	50,15,400	100

### 10.11 Dematerialisation of Shares

As on 31<sup>st</sup> March, 2016, 5,68,419 equity shares of Rs.10/- each were in dematerialized form with NSDL and 37,63,681 equity shares of Rs. 10/- each were in dematerialized form with CDSL constituting 11.33% and 75.05% respectively of the paid-up capital.

## Corporate Governance Report 2015-2016

### **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-400 011

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](mailto:poltd@vsnl.com)

## **11. Code of Business Conduct & Ethics For Directors/Management Personnel**

The company is committed in conducting its business in conformity with ethical standards and applicable laws And regulations. The code of conduct for the directors and senior management of the company has been laid Down by the board and the same is posted on the website of the company declaration by the CEO/managing director under clause 49 of the listing agreement regarding adherence to the code of conduct

## **12.Prohibition Of Insider Trading**

With a view to regulate trading in securities by the Directors and Designated Employees, the Company has adopted a Code of Conduct for prevention of Insider Trading.

## **CERTIFICATE ON CORPORATE GOVERNANCE**

### **Managing Director's Certification pursuant to SEBI Listing Regulations 2015**

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

## Corporate Governance Report 2015-2016

1. I have reviewed the Balance Sheet as on 31<sup>st</sup> March, 2016 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 violate 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;

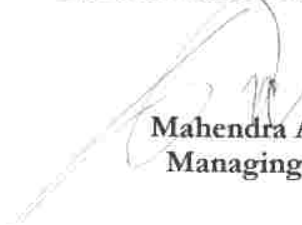


### **Corporate Governance Report 2015-2016**

- 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: Mumbai  
Date: 30<sup>th</sup> May, 2016



**Mahendra A. Turakhia**  
**Managing Director**

**VIRENDRA SHAH**  
B.COM., F.C.A., F.C.S.

**V. SHAH & ASSOCIATES**

CHARTERED ACCOUNTANTS

## **Independent Auditor's Report**

**To the Members of Panchsheel Organics Limited**

### **Report on the Financial Statement**

We have audited the accompanying financial statements of Panchsheel Organics Limited ('the Company'), which comprise the balance sheet as at **31 March 2016**, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31 March 2016** and its **profit** and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that :
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 (ii) ( L - 4,5,6) to the financial statements;
- ii. The Company has not made any Long Term contract including derivative contracts, hence, it is not required to make provision for material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Mumbai  
Date: 30.05.2016



For V. Shah & Associates,  
Chartered Accountants,  
F. R. N. 109816 W

A handwritten signature in dark ink, appearing to read 'V.R. Shah'.

V.R.Shah  
(Proprietor)  
Membership No. FCA 034994

## **Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including Quantitative details and situation of fixed assets.
  - (b) As explained to us all the Fixed Assets have been physically verified by the Management according to a phased program designed to cover all the items over a period of three years, which in our opinion, is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The physical verification of Inventory has been conducted at reasonable intervals by the Management. No material discrepancies were noticed by the Management during the physical verification of Inventory.
- (iii) According to the information and explanations given to us, there are no loans(secured or unsecured) granted by the Company to companies, firms or other parties covered in the register maintained under section 189 of The Companies Act,2013. Hence, para,3(iii)(a),(b) and (c) of the Order is not applicable.
- (iv) According to the information and explanations given to us, Company have not made any loans, made Investment or furnished any guarantee and security for which provision of section 185 and section 186 of the Companies Act, 2013 need to comply.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has specified the maintenance of cost records under section 148(1) of the Companies Act 2013, and Company has made and maintained such accounts and records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, excise duty, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.



According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, excise duty, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us, details of the dues of Sale Tax, Income Tax and Excise Duty which have not been deposited on account of any dispute are given below :

Name of the Statute	Nature of Dues	Period to which the Amount Relates	Forum where the Dispute is pending	Total Demand (Rs.)
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 1998 - 99	The Income Tax Appellate Tribunal, Indore	547684
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 1999 - 00	The Income Tax Appellate Tribunal, Indore	903802
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 2000 - 01	The Income Tax Appellate Tribunal, Indore	752589
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2003-04	The Dy. Commissioner of Sales Tax (Appeal 3), Mumbai	605877
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2004-05	The Dy. Commissioner of Sales Tax (Appeal 3), Mumbai	1375000
Central Sales Tax	Sales Tax, Interest & Penalty	F.Y. 2005 - 06	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	452310
Central Sales Tax	Sales Tax, Interest & Penalty	F.Y. 2006 - 07	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	1272938
Central Sales Tax, VAT & Entry Tax	Sales Tax, Entry Tax and Interest & Penalty	F.Y. 2007 - 08	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	591208
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2008 - 09	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	688435



Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2008-09	The Dy. Commissioner of Sales Tax (Appeal), CT Ernakulum	276114
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2009 - 10	The Dy. Commissioner of Commercial Tax (Appeals), Indore	1485294
Central Sales Tax & vat	Sales tax interest & penalty	F.Y 2010-11	The Dy. Commissioner of Sales Tax(appeal) Indore	1005405
Central Sales Tax & vat	Sales tax interest & penalty	F.Y 2011-12	The Dy Commissioner of Commercial Tax (Appeals), Indore	2471397
Central Sales Tax & vat	Sales tax interest & penalty	F.Y 2012-13	The Assistant Commissioner of Commercial Tax , Indore	4073526
Central Sales Tax & vat	Sales tax interest & penalty	F.Y. 2013-14	The Assistant Commissioner of Commercial Tax , Indore	2078550
Central Excise Act, 1944	Excise Duty	F.Y. 1999 - 00	The Asst Registrar, Customs, Excise & Service Tax Appellate Tribunal, New Delhi	471369

- (viii) The Company has not defaulted in repayment of Loans or Borrowing to a Financial Institution, Bank, Government or dues to Debentures Holder.
- (ix) The Company not raised any money by way of initial public offer or further public offer ( including Debt Instruments). The amount of Term Loan which company have received were applied for the purposes for which those are raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or any fraud on the Company by its officers or employees have been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Mumbai  
Date: 30.05.2016



For V. Shah & Associates,  
Chartered Accountants,  
F. R. N. 109816 W

A handwritten signature in dark ink, appearing to read 'V.R. Shah'.

V.R. Shah  
(Proprietor)  
Membership No. FCA 034994



## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Panchsheel Organics Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Mumbai  
Date: 30.05.2016



**For V. Shah & Associates,  
Chartered Accountants,  
F. R. N. 109816 W**

A handwritten signature in dark ink, appearing to read 'V.R. Shah'.

**V.R. Shah  
(Proprietor)  
Membership No. FCA 034994**

**PANCHSHEEL ORGANICS LIMITED**

**BALANCE SHEET AS AT 31 ST MARCH 2016**

(Amount in Rs.)

Sr. No	Particulars	Notes	As at March 31, 2016	As at March 31, 2015
<b>I.</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>A.</b>	<b>Shareholders' Funds</b>			
	Share Capital	1	50,154,000.00	50,154,000.00
	Reserve & Surplus	2	158,725,444.76	134,929,818.99
			<b>208,879,444.76</b>	<b>185,083,818.99</b>
<b>B.</b>	<b>Non Current Liabilities</b>			
	Long term borrowings	3	25,303,968.94	20,757,044.58
	Deferred Tax Liabilities	4	6,440,005.85	4,664,079.32
	Long term provisions	5	10,116,326.00	9,858,964.00
			<b>41,860,300.79</b>	<b>35,280,087.90</b>
<b>C.</b>	<b>Current Liabilities</b>			
	Short term borrowings	6	18,395,796.00	41,354,907.51
	Trade payables	7	81,167,219.71	51,662,746.27
	Other current Liabilities	8	6,805,321.77	5,125,114.05
	Short term provisions	9	13,723,046.11	12,733,861.94
			<b>120,091,383.59</b>	<b>110,876,629.77</b>
	<b>Total</b>		<b>370,831,129.14</b>	<b>331,240,536.66</b>
<b>II.</b>	<b><u>ASSETS</u></b>			
<b>A.</b>	<b>Non Current Assets</b>			
	Fixed Assets			
	Tangible Assets	10	70,782,138.14	67,756,366.14
	Intangible Assets		-	-
	Capital Work In progress		16,284,458.00	-
	Non Current Investments	11	6,000.00	6,000.00
	Long term Loans & advances	12	4,901,440.50	4,763,366.50
			<b>91,974,036.64</b>	<b>72,525,732.64</b>
<b>B.</b>	<b>Current Assets</b>			
	Inventories	13	116,055,673.41	99,352,733.66
	Trade receivables	14	146,194,460.62	138,571,192.35
	Cash & Bank balances	15	7,687,444.59	14,219,948.42
	Short term loans & advances	16	8,697,568.38	6,217,742.38
	Other Current assets	17	221,945.50	353,187.21
			<b>278,857,092.50</b>	<b>258,714,804.02</b>
	Significant Accounting policies and Other explanatory Notes & Information	26		
	<b>Total</b>		<b>370,831,129.14</b>	<b>331,240,536.66</b>

As per our report of even date

**For V Shah & Associates**

**Chartered Accountants**

F.R.N : 109816W

*V.R. Shah*

**V.R. Shah  
Proprietor**



For and on behalf of the Board of Directors of  
Panchsheel Organics Ltd

*Mahendra Turakhia*  
**Mahendra Turakhia  
Chairman & Managing Director**

*Rajesh Turakhia*  
**Rajesh Turakhia  
Director**

*Kishore Turakhia*  
**Kishore Turakhia  
Director**

*A.R. Akadkar*  
**Aparna Akadkar  
Company Secretary**

*Chandrakant Shah*  
**Chandrakant Shah  
Chief Financial Officer**

**Place : Mumbai  
Date : 30.05.2016**

**Place : Mumbai  
Date : 30.05.2016**

**PANCHSHEEL ORGANICS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

(Amount in Rs.)

Sr. No.	Particulars	Notes	2015-16	2014-15
I.	Revenue from operations	18	403,949,488.00	358,037,403.65
II.	Other income	19	3,123,615.74	1,083,582.31
III.	<b>Total Revenue (I + II)</b>		<b>407,073,103.74</b>	<b>359,120,985.96</b>
IV.	Expenses:			
	Raw Material Consumed	20	221,181,553.18	199,021,905.43
	Purchase of Traded Goods	21	61,563,670.00	39,282,395.00
	(Increase) / Decrease in Inventories	22	(10,120,687.48)	(3,052,193.97)
	Employees Cost	23	27,264,820.00	21,403,203.00
	Finance Cost	24	5,363,480.33	6,676,305.08
	Depreciation	10	12,638,671.71	14,683,285.94
	Other Expenses	25	47,402,691.70	53,472,333.20
	<b>Total expenses</b>		<b>365,294,199.44</b>	<b>331,487,233.68</b>
V.	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>41,778,904.30</b>	<b>27,633,752.28</b>
VI.	Exceptional items		-	-
VII.	<b>Profit before extraordinary items and tax (V - VI)</b>		<b>41,778,904.30</b>	<b>27,633,752.28</b>
VIII.	Extraordinary Items		-	-
IX.	<b>Profit before tax (VII- VIII)</b>		<b>41,778,904.30</b>	<b>27,633,752.28</b>
X	Tax expense:			
	(1) Current tax		9,600,000.00	11,907,691.43
	(2) Deferred tax Expense / (Income)		1,775,926.53	(3,644,634.54)
	(3) Income Tax of Earlier Period		-	379,604.56
			<b>11,375,926.53</b>	<b>8,642,661.46</b>
XI	<b>Profit (Loss) for the period from continuing operations (IX-X)</b>		<b>30,402,977.77</b>	<b>18,991,090.82</b>
XII	Profit/(loss) from discontinuing operations		-	-
XIII	<b>Profit (Loss) for the period (XI + XII)</b>		<b>30,402,977.77</b>	<b>18,991,090.82</b>
XIV	Earnings per equity share:			
	(1) Basic		6.06	3.79
	(2) Diluted		6.06	3.79
	Significant Accounting policies and Other explanatory Notes & Information	26		

As per our report of even date  
**For V Shah & Associates**  
**Chartered Accountants**  
 F.R.N : 109816W

*V.R. Shah*  
**V.R. Shah**  
**Proprietor**



For and on behalf of the Board of Directors of  
 Panchsheel Organics Ltd

*Mahendra Turakhia*  
**Mahendra Turakhia**  
**Chairman & Managing Director**

*Rajesh Turakhia*  
**Rajesh Turakhia**  
**Director**

*Kishore Turakhia*  
**Kishore Turakhia**  
**Director**

*Aparna Akadkar*  
**Aparna Akadkar**  
**Company Secretary**

*Chandrakant Shah*  
**Chandrakant Shah**  
**Chief Financial Officer**

Place : Mumbai  
 Date : 30.05.2016

Place : Mumbai  
 Date : 30.05.2016

PANCHSHEEL ORGANICS LIMITED

Cash Flow Statement

	Particulars	As At March, 31 2016	As At March, 31 2015
(A)	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Profit before tax and extra ordinary items	41,778,904.30	27,633,752.28
	Adjustment for:		
	Add: (1) Depreciation Expense	12,638,671.71	14,683,285.94
	(2) Interest Paid	5,363,480.33	6,676,305.08
		59,781,056.34	48,993,343.30
	Less : (1) Interest Received	719,931.86	920,342.50
	(2) Commission Received	-	85,060.00
	Operating profit before working capital changes	59,061,124.48	47,987,940.80
	Adjustment for Working Capital changes		
	Inventory	(16,702,939.75)	35,760.35
	Short term Loans & Advances	(2,479,826.00)	18,727,107.58
	Fixed Deposit & Margin Money with Bank	5,452,252.13	(5,301,131.48)
	Other Current Assets	131,241.71	(353,187.21)
	Trade Payables	29,504,473.44	(34,915,821.87)
	Other Current Liabilities	534,702.50	(7,457.08)
	Long Term Provision for Gratuity	257,362.00	536,338.00
	Provision for Gratuity	28,597.00	59,593.00
	Provision for Employee Benefit	162,030.00	236,697.00
	Provision for Expense	(209,397.75)	(726,554.00)
	Trade Receivables	(7,623,268.27)	646,194.50
	Security Deposits	(138,074.00)	198,987.00
	Advance Tax / TDS	56,336.92	(5,011,076.87)
	Sub total	8,973,489.93	(25,874,551.08)
	<b>Cash generated from operations</b>	<b>68,034,614.41</b>	<b>22,113,389.72</b>
	Less : (1) Direct Taxes paid	12,546,800.00	10,506,686.00
	(2) Income Tax of Earlier Years	-	379,604.56
	(3) Interest on Advance Income Tax	-	-
	Cash flow before extra-ordinary items	55,487,814.41	11,227,099.16
	Less : Extra ordinary adjustment	-	-
	<b>Net Cash Flow From Operating Activities</b>	<b>55,487,814.41</b>	<b>11,227,099.16</b>
(B)	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Commission Received	-	85,060.00
	Purchase of Fixed Assets	(32,519,818.70)	(12,388,248.58)
	<b>Net Cash Used in Investing Activities</b>	<b>(32,519,818.70)</b>	<b>(12,303,188.58)</b>
(C)	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Short Term Borrowings	(22,959,111.51)	(2,514,953.28)
	Interest Received	719,931.86	920,342.50
	Repayment of Long Term Borrowings	4,546,924.36	14,670,918.48
	Current Liability of Term Loan	1,145,505.22	29,287.42
	Interest Paid	(4,483,480.33)	(6,676,305.08)
	Repayment of Dividend including Dividend Distribution Tax	(3,018,017.00)	(2,933,884.00)
	<b>Net Cash used in Financing activities</b>	<b>(24,048,247.40)</b>	<b>3,495,406.04</b>
(D)	<b>Net Increase in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>(1,080,251.69)</b>	<b>2,419,316.62</b>
(E)	<b>Cash &amp; Cash Equivalents at the commencement of the year</b>	<b>4,402,811.29</b>	<b>1,983,494.67</b>
(F)	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>3,322,559.59</b>	<b>4,402,811.29</b>

As per our report of even date  
For V Shah & Associates  
Chartered Accountants

V.R. Shah  
Proprietor



For and on behalf of the Board

Mahendra Turakhia  
Chairman & Managing Director

Rajesh Turakhia  
Director

Kishore Turakhia  
Director

Company Secretary

Chandrakant Shah  
Chief Financial Officer

Place : Mumbai  
Date : 30.05.2016

Place : Mumbai  
Date : 30.05.2016

**PANCHSHEEL ORGANICS LIMITED**

**NOTES TO BALANCE SHEET AS AT 31.03.2016**

(Amount in Rs.)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>NOTE - 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
60,00,000 (P.Y. 60,00,000) Equity Shares of Rs. 10/- each	60,000,000.00	60,000,000.00
<b>Issued Subscribed and Paid up</b>		
50,15,400 (P.Y. 50,15,400) Equity Shares of Rs. 10/- each	50,154,000.00	50,154,000.00
<b>TOTAL</b>	50,154,000.00	50,154,000.00

**a) Terms/ rights attached to equity shares :**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by The Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2016, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 0.50 (31st March,2015 - Rs. 0.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Details of Shareholders holding more than 5 percent shares in the Company :**

Name of Shareholder	2015-16		2014-15	
	No. of Shares	% of Holding	No. of Shares	% of Holding
MAHENDRA A TURAKHIA	1130713	22.54	1130713	22.54
KISHORE A TURAKHIA	1121240	22.36	1121240	22.36
RAJESH A TURAKHIA	1157239	23.07	1157239	23.07
SUNEETA CHEMICALS PVT. LTD.	302600	6.03	302600	6.03

**c) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :**

Particulars	2015-16	2014-15
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	5,015,400.00	5,015,400.00
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	5,015,400.00	5,015,400.00



**PANCHSHEEL ORGANICS LIMITED**

**NOTES TO BALANCE SHEET AS AT 31.03.2016**

(Amount in Rs.)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>NOTE - 2 : RESERVE &amp; SURPLUS</b>		
<b>Capital Reserve :</b>		
Subsiby from UNIDO	7,111,028.29	8,448,171.12
Add : Received during the year	-	-
	7,111,028.29	8,448,171.12
Less : Depreciation on Machinery received from UNIDO	-	645,906.83
Less : Transferred to Statement of Profit and Loss	570,917.00	691,236.00
	<b>6,540,111.29</b>	<b>7,111,028.29</b>
<b>Share Premium :</b>	<b>3,000,000.00</b>	<b>3,000,000.00</b>
<b>General Reserve :</b>		
Balance as per Last Balance Sheet	10,059,560.00	8,059,560.00
Add : Transfer from Statement of Profit & Loss	2,000,000.00	2,000,000.00
	<b>12,059,560.00</b>	<b>10,059,560.00</b>
<b>Statement of Profit &amp; Loss :</b>		
<b>Balance as per last Balance Sheet</b>	<b>114,759,230.70</b>	<b>105,325,622.75</b>
Add : Profit for the year	30,402,977.77	18,991,090.82
Add : Depreciation on Machinery received from UNIDO	-	645,906.83
Less : Depreciation pertaining to transistional period (Net of Tax)	-	5,185,372.70
Less : Transfer to General Reserve	2,000,000.00	2,000,000.00
Less : Provision for Dividend	5,015,400.00	2,507,700.00
Less : Dividend Distribution Tax	1,021,035.00	510,317.00
	<b>137,125,773.47</b>	<b>114,759,230.70</b>
<b>TOTAL</b>	<b>158,725,444.76</b>	<b>134,929,818.99</b>
<b>NON CURRENT LIABILITIES :</b>		
<b>NOTE - 3 : SECURED LOANS</b>		
<b>MPFC Term Loan No.1</b>		
Term Loan From Madhya Pradesh Financial Corporation	6,242,268.00	8,073,666.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	1,800,000.00	1,800,000.00
	<b>4,442,268.00</b>	<b>6,273,666.00</b>
<b>MPFC Term Loan No. 2</b>		
Term Loan From Madhya Pradesh Financial Corporation	13,413,450.00	15,000,000.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	3,000,000.00	1,500,000.00
	<b>10,413,450.00</b>	<b>13,500,000.00</b>
<b>HDFC Bank Ltd- Car Loan</b>		
Vehicle Loan from HDFC Car loan	911,313.58	1,310,000.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	473,252.64	440,686.42
	<b>438,060.94</b>	<b>869,313.58</b>
<b>Chola Mandalam Investment &amp; Finance Company Ltd - Car Loan</b>		
Car Loan from Chola Mandalam Investment & Finance Company Ltd	114,066.00	211,889.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	103,877.00	97,824.00
	<b>10,190.00</b>	<b>114,066.00</b>
<b>YES Bank Ltd- Car Loan</b>		
Car Loan from YES Bank	-	393,114.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	-	393,114.00
	-	-
<b>Sub Total</b>	<b>15,303,968.94</b>	<b>20,757,045.58</b>



**PANCHSHEEL ORGANICS LIMITED**

**NOTES TO BALANCE SHEET AS AT 31.03.2016**

(Amount in Rs.)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>TERMS OF REPAYMENT OF LOANS :</b>  <u>MPFC Term Loan No. 1</u> Repayable in 20 equal Quarterly Installment of Rs. 450000/- each from October, 2014 '@ rate of interest at 15.25 % p.a.  <u>MPFC Term Loan No. 2</u> Repayable in 20 equal Quarterly Installment of Rs. 750000/- each from October, 2015 '@ rate of interest at 15.25% p.a.  <u>HDFC Car Loan</u> Repayable in 36 equal monthly Installment of Rs. 42000/- from month April, 2015 @ rate of interest at 10.77 % p.a.  <u>Chola Mandalam Investment &amp; Finance Company Ltd - Car Loan</u> Repayable in 35 equal monthly Installment of Rs. 10320/- from month May, 2014 @ rate of interest at 15.46 % p.a.  <u>YES Bank - Car Loan</u> Repayable in 36 equal monthly Installment of Rs. 38150/- from month February, 2013 '@ rate of interest at 11.31 % p.a.  There is no default in repayment of Loan Installment and interest thereon.  <b>SECURITY PROVIDED :</b>  <u>MPFC Term Loan No. 1 :</u> First charge over the Fixed Assets by way of equitable mortgage of Land & Building and hypothecation of Plant & Machinery (existing & future) of the company.  Land (leasehold) admeasuring 3251.58 sq. mtrs. Situated at Plot no. B-6 & B-7, Sector -C, Industrial Area, Sanwer Road, Distt. Indore.  Further charge on additional securities worth Rs.47.65 Lacs in the form of shares already pledged with the Corporation.  Personal Guarantee of 3 Directors of the Company  <u>MPFC Term Loan No. 2 :</u> First charge over the Fixed Assets by way of equitable mortgage of Land & Building and hypothecation of Plant & Machinery (existing & future) of the company.  Land (leasehold) admeasuring 3251.58 sq. mtrs. Situated at Plot no. B-6 & B-7, Sector-C, Industrial Area, Sanwer Road, Distt. Indore.  Further charge on additional securities worth Rs.70.96 Lacs in the form of shares already pledged with the Corporation.  Personal Guarantee of 3 Directors of the Company.  <b>UNSECURED LOANS</b> <u>Short term Loan From M P F C</u> (Repayable in 8 Monthly Installment of Rs 12,50,000/- commencing from 01-08-2016 '@ rate of interest at 13.75 % p.a.)		
<b>Sub Total</b>	<b>10,000,000.00</b>	-
<b>TOTAL</b>	<b>25,303,968.94</b>	<b>20,757,044.58</b>





**PANCHSHEEL ORGANICS LIMITED**

**NOTES TO BALANCE SHEET AS AT 31.03.2016**

(Amount in Rs.)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>NOTE NO - 4 : DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability Balance B/f.	4,664,079.32	10,799,120.45
Add : Deferred Tax Expenses / (Income)	1,775,926.53	(3,644,634.54)
Less : Deferred Tax Liability transitional period	-	(2,490,406.59)
<b>TOTAL</b>	<b>6,440,005.85</b>	<b>4,664,079.32</b>
The Major components of Deferred Tax Liabilities are as under :		
<b>Particulars</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
A) Deferred Tax Liability		
Difference between Accounting and Tax depreciation	6,440,005.85	4,664,079.32
B) Deferred Tax Assets		
Unabsorbed Depreciation & Business Loss	-	-
Others	-	-
C) Net Deferred Tax Liability	<b>6,440,005.85</b>	<b>4,664,079.32</b>
<b>NOTE NO - 5 : LONG TERM PROVISIONS</b>		
Provision for Gratuity	11,240,363.00	10,954,404.00
Less: Amt. disclosed under the head :Short term Provisions" - Note No.- 9	1,124,037.00	1,095,440.00
<b>TOTAL</b>	<b>10,116,326.00</b>	<b>9,858,964.00</b>
<b>NOTE NO - 6 : SHORT TERM BOROWINGS</b>		
<u>Secured</u>		
Working Capital Limit with Yes Bank	18,395,796.00	27,835,621.75
Working Capital Limit with HSBC Bank Ltd.	-	13,519,285.76
(Secured against first pari passu charge by hypothecation of stock and book and first pari passu charge on Immovable Property held by the Promoters of the Company and personal guarantee of 3 Directors of Company.)		
<b>TOTAL</b>	<b>18,395,796.00</b>	<b>41,354,907.51</b>
<b>NOTE NO - 7 : TRADE PAYABLES</b>		
<b>UNSECURED</b>		
Sundry Creditors	81,167,219.71	51,662,746.27
(The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the year end together with interest paid / payable under the Act have not been given.)		
<b>TOTAL</b>	<b>81,167,219.71</b>	<b>51,662,746.27</b>
<b>NOTE NO - 8 : OTHER CURRENT LIABILITIES</b>		
<u>Secured</u>		
<u>Current Maturity of Term Loan With</u>		
MPFC Term Loan No. 1	1,800,000.00	1,800,000.00
MPFC Term Loan No. 2	3,000,000.00	1,500,000.00
HDFC Bank - Car Loan	473,252.64	440,686.42
Chola Mandalam Investment & Finance Company Ltd - Car Loan	103,877.00	97,824.00
YES Bank - Car Loan	-	393,114.00
<b>Sub Total</b>	<b>5,377,129.64</b>	<b>4,231,624.42</b>
<u>Unsecured</u>		
Duties & Taxes	1,092,656.13	667,586.13
Unpaid Dividend	335,536.00	225,903.50
<b>Sub Total</b>	<b>1,428,192.13</b>	<b>893,489.63</b>
<b>TOTAL</b>	<b>6,805,321.77</b>	<b>5,125,114.05</b>



**PANCHSHEEL ORGANICS LIMITED**

**NOTES TO BALANCE SHEET AS AT 31.03.2016**

(Amount in Rs.)

Particulars	As at 31-Mar-16	As at 31-Mar-15
<b>NOTE NO - 9 : SHORT TERM PROVISIONS</b>		
<b>Unsecured</b>		
Provision for Employee Benefit		
Gratuity Provision (Note No - 5)	1,124,037.00	1,095,440.00
Other Provisions for Employee Benefit	879,850.00	717,820.00
Provision for Expense	1,320,733.19	1,530,130.94
Current Tax Payable (Net of Adv. I. Tax / TDS receivable)	4,361,990.92	6,372,454.00
Proposed Dividend	5,015,400.00	2,507,700.00
Tax on Proposed Dividend	1,021,035.00	510,317.00
<b>TOTAL</b>	<b>13,723,046.11</b>	<b>12,733,861.94</b>
<b>NOTE NO - 11 : NON CURRENT INVESTMENTS</b>		
<b>Investments at Cost :</b>		
<b>Unquoted</b>		
10 Shares in Gujrat Mercantile Credit Co Op Soc Ltd of Rs. 100 each	1,000.00	1,000.00
Indira Vikas Patra	5,000.00	5,000.00
<b>TOTAL</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>NOTE NO - 12 : LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good)		
Security Deposits :	2,898,326.00	2,760,252.00
Other Advances :	2,003,114.50	2,003,114.50
<b>TOTAL</b>	<b>4,901,440.50</b>	<b>4,763,366.50</b>
<b>NOTE NO - 13 : INVENTORIES</b>		
(Valued at Lower of Cost or Net Realisable Value)		
Raw Material	65,153,444.27	58,467,652.00
Packing Material	-	103,540.00
Work In Progress	13,378,095.00	14,673,377.00
Finished Goods	30,170,978.53	22,500,125.00
Traded Stock	7,353,155.61	3,608,039.66
<b>TOTAL</b>	<b>116,055,673.41</b>	<b>99,352,733.66</b>
<b>NOTE NO - 14: TRADE DEBTORS</b>		
(Unsecured, Considered good)		
Outstanding for a period exceeding Six months from the date they are Due for Payment	39,187,791.30	-
Others	107,006,669.32	138,571,192.35
Considered doubtful, not provided for	-	-
<b>TOTAL</b>	<b>146,194,460.62</b>	<b>138,571,192.35</b>
<b>NOTE NO - 15 : CASH &amp; BANK BALANCES</b>		
<b>Cash &amp; Cash equivalents</b>		
<b>Balance with Banks</b>		
- In Current account / (Over Drawn Bank Account)	1,788,392.03	3,791,880.70
- In Margin Money deposit maturing within 3 months	752,404.97	-
<b>Cash In Hand</b>	781,762.59	610,930.59
	<b>3,322,559.59</b>	<b>4,402,811.29</b>
<b>Other Bank Balances</b>		
- In Fixed deposit account \$	-	25,000.00
- Margin Money Deposit \$	4,364,885.00	9,792,137.13
(\$ with original Maturity of more than 12 months of Rs. 35,00,000.00 (P.Y.Rs. 25,30,814.46)	<b>4,364,885.00</b>	<b>9,817,137.13</b>
<b>TOTAL</b>	<b>7,687,444.59</b>	<b>14,219,948.42</b>
<b>NOTE NO - 16 : SHORT TERM LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good, recoverable in cash or in kind)		
Loans & Advances to Employees	1,654,104.00	1,534,935.00
Balance with Government Authority	7,043,464.38	4,682,807.38
<b>TOTAL</b>	<b>8,697,568.38</b>	<b>6,217,742.38</b>
<b>NOTE NO -17 : OTHER CURRENT ASSETS</b>		
MPFC Term Loan (Excess paid)	-	131,241.71
Pre paid Insurance	221,945.50	221,945.50
<b>TOTAL</b>	<b>221,945.50</b>	<b>353,187.21</b>

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**PANCHSHEEL ORGANICS LTD**

**Notes to Statement of Profit & Loss for the year ended on 31.03.2016**

Particulars		2015-16	2014-15	
<b>NOTE NO - 18 REVENUE FROM OPERATIONS</b>				
<b>A) Manufacturing Sales</b>				
Export		12,772,263.00	13,486,249.00	
Domestic		338,045,359.00	305,216,833.15	
		350,817,622.00	318,703,082.15	
<b>B) Trading Sales</b>				
Export		5,152,456.00	3,625,000.00	
Domestic		58,080,349.00	46,549,632.00	
		63,232,805.00	50,174,632.00	
<b>Total Sales - (A+B)</b>		<b>414,050,427.00</b>	<b>368,877,714.15</b>	
Less : Excise Duty		10,286,763.00	10,893,055.00	
<b>Net Sales</b>		<b>403,763,664.00</b>	<b>357,984,659.15</b>	
Other Operating Income		185,824.00	52,744.50	
<b>TOTAL</b>		<b>403,949,488.00</b>	<b>358,037,403.65</b>	
<b>Sale of Products - Broad head wise</b>				
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>		
Finished Goods				
Bulk Drug & Intermediate	350,817,622.00	318,703,082.15		
Traded Goods				
Bulk Drug & Intermediate	16,886,233.00	20,879,817.00		
Formulations	13,388,952.00	11,679,327.00		
D.E.P.B. Licence	32,677,148.00	17,274,173.00		
Wind Mill	280,472.00	341,315.00		
<b>Total</b>	<b>414,050,427.00</b>	<b>368,877,714.15</b>		
<b>NOTE NO - 19 : OTHER INCOME</b>				
Interest Received		719,931.86	920,342.50	
Foreign Exchange Fluctuation Income		2,403,683.88	78,179.81	
Commission Received		0.00	85,060.00	
<b>TOTAL</b>		<b>3,123,615.74</b>	<b>1,083,582.31</b>	
<b>NOTE NO - 20 : COST OF RAW MATERIAL CONSUMED</b>				
Opening Stock of Intermediate Raw Material		58,467,652.00	61,555,606.32	
Add : Purchases of Intermediate Raw Material		227,867,345.45	195,933,951.11	
		286,334,997.45	257,489,557.43	
Less : Closing Stock of Intermediate Raw Material		65,153,444.27	58,467,652.00	
<b>TOTAL</b>		<b>221,181,553.18</b>	<b>199,021,905.43</b>	
<b>Cost of Raw Materials Consumed</b>				
<b>Particulars</b>	<b>2015-2016</b>		<b>2014-2015</b>	
	<b>Rs.</b>	<b>% of</b>	<b>Rs.</b>	<b>% of</b>
	<b>Consumption</b>		<b>Consumption</b>	
Imported	80,843,611.96	37%	75,182,454.96	38%
Indigeneous	140,337,941.22	63%	123,839,450.47	62%
Total	221,181,553.18	100%	199,021,905.43	100%



**PANCHSHEEL ORGANICS LTD**

**Notes to Statement of Profit & Loss for the year ended on 31.03.2016**

Particulars		2015-16	2014-15
<b>NOTE NO - 21 : PURCHASE OF TRADED GOODS</b>			
		61,563,670.00	39,282,395.00
<b>TOTAL</b>		<b>61,563,670.00</b>	<b>39,282,395.00</b>
Details of Traded Goods			
Particulars		2015-16	2014-15
Purchases			
Bulk Drug & Intermediate		12,874,079.00	9,984,943.00
Formulations		16,405,632.00	12,089,763.00
D.E.P.B. Licence		32,283,959.00	17,207,689.00
		<b>61,563,670.00</b>	<b>39,282,395.00</b>
<b>NOTE NO - 22 : (INCREASE) / DECREASE IN INVENTORIES</b>			
<b>INVENTORY AT THE YEAR END</b>			
Finished Goods of Bulk Drug & Intermediates		30,170,978.53	22,500,125.00
Work In Process of Bulk Drug & Intermediates		13,378,095.00	14,673,377.00
Traded Stock of Bulk Drugs & Intermediate		-	1,073,201.00
Traded Stock of Formulation		7,353,155.61	2,534,838.66
		50,902,229.14	40,781,541.66
<b>LESS : INVENTORY AT BEGINING</b>			
Finished Goods of Bulk Drug & Intermediates		22,500,125.00	16,409,797.00
Work In Process of Bulk Drug & Intermediates		14,673,377.00	13,239,019.00
Traded Stock of Bulk Drugs & Intermediate		1,073,201.00	5,556,305.00
Traded Stock of Formulation		2,534,838.66	2,524,226.69
		40,781,541.66	37,729,347.69
<b>TOTAL</b>		<b>(10,120,687.48)</b>	<b>(3,052,193.97)</b>
<b>NOTE NO - 23 : EMPLOYEES COST</b>			
Salary, Wages & Bonus		25,295,201.00	19,488,363.00
Contribution To E.S.I.C.		183,513.00	121,902.00
Contribution To Provident Fund		565,152.00	285,558.00
Gratuity Expense		285,959.00	701,346.00
Staff Welfare Expense		934,995.00	806,034.00
<b>TOTAL</b>		<b>27,264,820.00</b>	<b>21,403,203.00</b>
<b>NOTE NO - 24 : FINANCE COST</b>			
Interest to Bank		876,936.66	4,277,259.52
Interest on Term Loan		2,982,776.58	989,916.19
Interest to Others		947,410.00	733,347.00
Bank Charges		556,357.09	675,782.37
<b>TOTAL</b>		<b>5,363,480.33</b>	<b>6,676,305.08</b>
<b>NOTE NO - 25 : OTHER EXPENSES</b>			
<b>OPERATING EXPENSES</b>			
Consumables Expense		733,219.00	938,336.00
Entry Tax		1,883,274.00	1,610,267.00
Freight Inwards Expense		2,591,514.69	2,272,867.44
Packing Materials used		1,107,629.00	1,717,236.00
Power & Fuel Expense		6,926,226.00	7,913,038.00
Processing Charges		9,529,215.80	4,565,819.00
Quality Control Expense		768,308.00	155,896.00
Other Operating Expenses		1,960,960.00	2,019,973.97
<b>TOTAL - A</b>		<b>25,500,346.49</b>	<b>21,193,433.41</b>



**PANCHSHEEL ORGANICS LTD**

**Notes to Statement of Profit & Loss for the year ended on 31.03.2016**

<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
<b><u>ADMINISTRATIVE, SELLING &amp; OTHER EXPENDITURE</u></b>		
Advertisement Expense	194,632.00	247,854.00
Auditor's Remuneration	115,000.00	127,750.00
Outward Cartage, Hamali & Crain Charges	645,165.00	522,066.40
Building Repairing Expense	682,080.00	662,635.00
Commission & Brokerage	1,201,759.00	1,026,453.00
Commission & Brokerage (Export)	117,593.71	120,540.61
Consolidation Charges	70,700.00	94,633.00
Consultancy Fees	391,447.00	828,180.60
Conveyance Expense	1,822,637.00	1,334,979.00
Courier Charges	872,731.64	874,386.01
Export Clearing Charges	741,198.00	508,072.00
Exhibition Expenses	849,528.00	463,822.00
Fees & Subscription	851,806.00	387,621.96
Freight Outward Expense	575,173.00	492,233.00
Miscellaneous Expenses	1,031,721.00	903,963.00
Printing & Stationary Expense	661,665.00	410,497.20
Rent Expense	558,508.00	558,000.00
Legal expense	240,000.00	55,000.00
Telephone Expense	350,668.00	449,608.00
Travelling Expense	1,064,435.25	954,647.60
Warehousing Charges	126,176.00	307,129.00
Insurance Claim rejected written off	-	16,325,365.58
Other Administrative Expenses	3,415,649.22	4,059,843.96
VAT / CST Expense	5,322,072.39	563,618.87
<b>TOTAL -B</b>	<b>21,902,345.21</b>	<b>32,278,899.79</b>
<b>TOTAL - A+ B</b>	<b>47,402,691.70</b>	<b>53,472,333.20</b>

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## PARTICULARS OF FIXED ASSETS FOR THE YEAR ENDED 31.03.2016

## NOTE NO- 10 : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31.03.2015	Additions	Deductions	As at 31.03.2016	For the Year	Deductions	Transitional Period	As at 31.03.2016	As at 31.03.2015
TANGIBLE ASSETS :									
LAND (LEASEHOLD)	53,529.00	-	-	53,529.00	-	-	-	-	53,529.00
LAND PITHAMPUR	2,578,262.00	-	-	2,578,262.00	-	-	-	-	2,578,262.00
SITE DEVELOPMENT	1,988,045.00	-	-	1,988,045.00	44,619.00	-	-	1,031,876.06	1,000,787.94
FACTORY BUILDING	17,176,879.49	2,061,436.00	-	19,238,315.49	623,807.67	-	-	6,048,780.17	11,751,906.99
PLANT & MACHINERY	104,175,961.17	13,212,043.95	-	117,388,005.12	10,105,050.20	-	-	69,985,954.13	44,295,057.23
Plant & Machinery	74,821,108.29	11,262,762.95	-	86,083,871.24	7,748,030.47	-	-	53,004,066.71	29,565,072.04
Electrical Installations	4,967,295.80	1,843,176.00	-	6,810,471.80	674,540.21	-	-	3,090,857.91	2,550,978.10
Pollution Control Equipments	1,797,982.00	106,105.00	-	1,904,087.00	73,018.52	-	-	1,476,911.54	394,088.98
Plant & Machinery (Uninstalled)	2,063,721.00	-	-	2,063,721.00	-	-	-	-	2,063,721.00
Wind Power Project	12,000,000.00	-	-	12,000,000.00	871,500.00	-	-	7,327,913.88	5,543,586.12
Plant & Machinery (UNIDO)	7,088,900.00	-	-	7,088,900.00	570,917.00	-	-	4,340,731.92	3,319,085.08
Plant & Machinery (UNIT II)	1,436,954.08	-	-	1,436,954.08	167,044.00	-	-	745,472.18	858,525.90
LABORATORY / TESTING	12,636,742.56	746,321.75	-	13,383,064.31	1,008,160.36	-	-	10,229,384.93	3,415,518.00
FURNITURE & FIXTURES	3,686,113.95	141,109.00	-	3,827,222.95	377,672.76	-	-	2,600,996.33	1,462,790.38
OFFICE EQUIPMENTS	600,590.00	35,050.00	-	635,640.00	75,107.78	-	-	519,806.04	155,891.74
VEHICLES	7,800,287.00	-	-	7,800,287.00	918,930.49	-	-	5,777,935.09	2,941,282.40
COMPUTER	933,508.55	39,400.00	-	972,908.55	56,240.45	-	-	888,408.53	101,340.47
TOTAL - A	151,629,918.72	16,235,360.70	-	167,865,279.42	13,209,588.71	-	-	97,083,141.28	67,756,366.15
INTANGIBLE ASSETS :									
TOTAL - B	-	-	-	-	-	-	-	-	-
CAPITAL WORK IN PROGRESS :									
Factory Building at Pithampur Plt	-	6,594,458.00	-	6,594,458.00	-	-	-	-	-
Plant & Machinery at Indore Plan	-	9,690,000.00	-	9,690,000.00	-	-	-	-	-
TOTAL - C	-	16,284,458.00	-	16,284,458.00	-	-	-	16,284,458.00	-
TOTAL - A+B+C	151,629,918.72	32,519,818.70	-	184,149,737.42	13,209,588.71	-	-	97,083,141.28	67,756,366.15
PREVIOUS YEAR	139,241,670.15	12,388,248.57	-	151,629,918.72	15,374,521.94	-	7,675,779.29	83,873,552.57	67,756,366.15

NOTE NO. 1 Some of the Vehicles are in the name of Directors of the Company.

NOTE NO. 2 Amount of Depreciation on Plant &amp; Machinery received from UNIDO has been transferred to Capital Reserve A/c &amp; remaining balance are charged to the Statement of Profit &amp; Loss, as under :

Particulars	2015-16
Depreciation as per books	13,209,588.71
Less : Transfer to Capital Reserve	570,917.00
Depreciation charged to Revenue Account	12,638,671.71



**NOTE NO- 26**

**SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES AND INFORMATION FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

**I: Significant Accounting Policies:**

**A. Basis of Preparation of financial statement**

The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles (GAAP) and provisions of The Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 as adopted consistently by the company, except where a newly issued Accounting Standards initially adopted or a revision in to an existing accounting standard requires a change in the accounting policy hitherto in use.

**B. Basis of Accounting:**

- a. The company follows the mercantile system of accounting.
- b. All income and expenditure items having material bearing on financial statement are recognized on accrual basis, except Dividend income and insurance claim, if any.

**C. Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

**D. Fixed Assets**

- a. All fixed assets are valued at cost of acquisition/ construction. The cost of fixed assets comprises of its purchase price and attributable costs, including finance cost, of bringing the assets to its working condition for its intended use.
- b. The expenses incurred during construction period, incidental to the Expansion / New Project are allocated to respective Fixed Assets in the year of commencement of the commercial operation.

**E. Depreciation**

- a. 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.
- b. Depreciation on Fixed Assets Purchased / Sold during the period is proportionately charged.

**F. Investments**

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



**G. Valuation of Inventories**

Raw Materials, Packing Materials, Work in Process, Finished Goods and Traded Goods are valued at lower of cost or net realizable value after providing for obsolescence, if any. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Cost comprises expenditure incurred in normal course of business in bringing such inventories to their present location and condition.

Cost of inventories is arrived on FIFO basis.

**H. Cash and Cash Equivalents**

Cash and Cash equivalent for purpose of cash flow statement comprise cash at bank and in hand and short term investment with an original maturity of 3 months or less.

**I. 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 as Other Income / Other Expenses in the statement of Profit and Loss under the head "Foreign Exchange Fluctuation Account".

**J. Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized 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 Liability are not recognized, but are disclosed in the Notes.

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

**K. Revenue Recognition**

Revenue is recognized 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 recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with dispatch of goods to customers. Revenues are recorded at invoice value, but net of Sales returns and trade discounts.

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

Interest income is recognized on time proportion basis.

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





**L. Employee Benefits**

Liabilities in respect of Retirement Benefits are provided by monthly payment to Pension and Provident Fund under the Employees Provident Funds (and Miscellaneous Provisions), Act, 1952.

The Gratuity payable at the time of retirement are charged to the Statement of Profit and Loss on basis of independent external actuarial valuation determined and basis of Projected Unit Credit method carried out annually. Actuarial gains and losses are immediately recognized in the Statement of Profit and Loss.

Company has not framed policy to pay Leave Encashment to the employees. Benefit in terms of workmen demand pending settlement, medical reimbursement, leave travel concession, are accounted when paid.

**M. Income Tax**

The amount of Income Tax is provided in accordance with the provisions of Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences being differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is a virtual certainty that sufficient taxable profits will be available against which such deferred tax assets can be realized.

**N. Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial periods of time to get ready for intended use. All other borrowing costs are charged to the revenue.

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

**O. Impairment of Assets**

An assets is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which the assets are identified as impaired. The impairment loss recognized in the prior periods is reversed if there has been a change in the estimate of recoverable amount.

**P. Research and Development**

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

**Q. Expenditure on Regulatory Approvals**

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



**R. 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 recognized in the Statement of Profit and Loss over the useful life of such depreciable assets by way of a reduced depreciation charge.

**S. Leases**

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

**T. Events after the date of Balance Sheet:**

Wherever material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

**U. Claims:**

Claims against the company not acknowledged as debts are disclosed after a careful evolution of the facts and legal aspects of the matter involved.

**V. Prior Period & Extra Ordinary Items:**

Prior Period adjustment, extra ordinary items and changes in the accounting policies having material impact on the financial affairs of the Company are disclosed.



## II OTHER EXPLANATORY NOTES AND INFORMATION:

- A. Amount of Income Tax has been provided on Taxable Income of the Company as per provision of the Income Tax Act, 1961.
- B. The Board of Directors are of the opinion that discounted net future generation from the Assets in use and shown in the schedule of fixed assets, is more than the carrying amount of fixed assets in Balance Sheet, as such, no provision for Impairment of Assets is required to be made in terms of the requirement of accounting standard (AS - 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India for the year ended 31.03.2016
- C. Segment Reporting :  
The Company operates in one reportable segment i.e. Manufacturing and Trading of Bulk Drug and Intermediate.
- D. The Investment made by the company is held in its own name.
- E. In the opinion of Board and to the best of their knowledge and belief,  
  
All the current assets, loans and advances will have the value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.  
  
Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary. There is no liability contingent or otherwise except those stated in the Balance Sheet.
- F. Debit and credit balances are subject to reconciliation and confirmation.
- G. The expenses of Salary and wages debited in Statement of Profit & Loss includes the amount of Director Remuneration of Rs. 87,60,000/- (P.Y. Rs.87,60,000/-).
- H. Retirement Benefits :  
a) The Gratuity liability is determined based on the actuarial Valuation done by Actuary as at Balance Sheet date in context of the Revised AS – 15 issued by the ICAI, New Delhi, as follows :-



PARTICULARS	GRATUITY FUND 31.03.16 Rs.	GRATUITY FUND 31.03.15 Rs.
Expenditure recognized in the statement of Profit & Loss for the year ended March 31, 2016		
Current Service Cost	6,84,689	5,71,589
Interest Cost	8,76,352	8,28,678
Employer Contribution	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Net Actuarial (Gains) / Loss	(12,75,082)	(6,99,121)
Interest On Fund	Nil	Nil
Settlement Cost	Nil	Nil
<b>Total Expenses</b>	<b>2,85,959</b>	<b>7,01,146</b>
Change in Obligation during the Year ended March 31, 2014		
Present value of Defined Benefit Obligation at beginning of the year	1,09,54,404	1,03,58,473
Current Service Cost	6,84,689	5,71,589
Interest Cost	8,76,352	8,28,678
Settlement Cost	Nil	Nil
Past Service Cost	Nil	Nil
Employer Contribution	Nil	Nil
Actuarial (Gain) / Loss	(12,75,082)	(6,99,121)
Benefit Payment	NIL	1,05,215
<b>Present Value of Defined Benefit Obligation at the end of the year.</b>	<b>1,12,40,363</b>	<b>1,09,54,404</b>
Change in Assets during the Year ended March 31, 2013		
Plan assets at the beginning of the year	Nil	Nil
Assets acquired in amalgamation in previous year	Nil	Nil
Expected Return on Plan Assets	N.A.	N.A.
Contribution by Employer	N.A.	N.A.
Settlements	Nil	Nil
Actual benefit paid	N.A.	N.A.



14	Rajesh A Turakhia	Key Managerial Personnel	Directors remuneration	28,80,000.00	28,80,000.00
			Closing Balance	Nil	NIL

\*( Dr.)Receivables, ( Cr.)Payable

Company has no Subsidiary or Joint Venture Concern.

The Company has identified all the related parties transactions during the Year as per details given above.

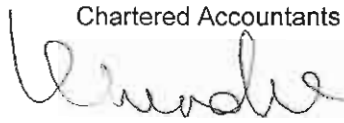
During the Year, there were no amounts written off or written back from Such parties.

- O. Previous year figure have been classified, regrouped and recast to make comparable with those of year under review.

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As per our report of even date

For **V SHAH & ASSOCIATES,**  
Chartered Accountants



(V R SHAH)  
Proprietor

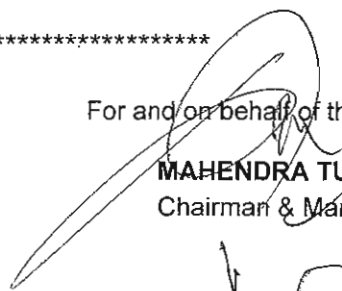
Place : Mumbai

Date : 30<sup>th</sup> May, 2016



For and on behalf of the Board

**MAHENDRA TURAKHIA**  
Chairman & Managing Director



**KISHORE TURAKHIA**  
Director



**RAJESH TURAKHIA**  
Director



**APARNA R. AKADKAR**  
Company Secretary




**CHANDRAKANT SHAH**  
Chief Financial Officer

	Statutory Audit	90,000	90,000
	Tax Audit	25,000	25,000

**N. Related Party Disclosures under Accounting Standard 18:**

Sr. No.	Name	Relationship	Transaction	Amount(Rs.)	Amount(Rs.)
			Closing Balance	31.03.2016	31.03.2015
1	Turakhia Brothers	Associate Concern	Sales	3,36,388.00	0.00
			Purchase	16,24,452.00	25,33,803.00
			Brokerage & Commission	Nil	81,970.00
			Rent	1,74,000.00	1,74,000.00
			Closing Balance	Nil	Nil
2	Invochem Laboratories	Associate Concern	Testing Charges	3,04,245	57,550
			Closing Balance	Nil	Nil
3	Synodrug & Intermediates	Associate Concern	Sales	13,61,288.00	6,41,727.00
			Purchase	34,97,482.00	13,26,177.00
			Processing Charges	4,36,710.00	5,49,602.00
			Closing Balance	Nil	Nil
4	Suneeta Chemicals	Associate Concern	Processing Charges	59,20,575.00	28,62,760.00
			Closing Balance	Nil	NIL
5	Gene Biotech P Ltd	Associate Concern	Sales	16,655.00	10,11,361.00
			Purchase	30,31,532.00	26,17,813.00
			Closing Balance	Nil	Nil
6	Gene Biotech P Ltd – HP	Associate Concern	Sales	24,60,894.00	43,23,182.00
			Purchase	1,68,31,838.00	1,03,36,712.00
			Closing Balance	Nil	Nil
7	Arti K Turakhia	Associate Concern	Rent	1,74,000.00	1,74,000.00
			Salary	10,00,000.00	NIL
			Closing Balance	Nil	Nil
8	Devang R Turakhia	Associate Concern	Salary	10,00,000.00	NIL
9	Amisha M Turakhia	Associate Concern	Salary	5,00,000.00	NIL
10	Pallavi M Turakhia	Associate Concern	Salary	5,00,000.00	NIL
11	Paramount Organics	Associate Concern	Processing Charges	30,48,000.00	7.86,600.00
			Closing Balance	Nil	NIL
12	Mahendra A Turakhia	Key Managerial Personnel	Directors remuneration	30,00,000.00	30,00,000.00
			Closing Balance	Nil	NIL
13	Kishore A Turakhia	Key Managerial Personnel	Directors remuneration	28,80,000.00	28,80,000.00
			Closing Balance	Nil	NIL



		Weightage Average Number of Equity Shares	50,15,400	50,15,400
		Diluted Earning Per Share	6.06	3.79
	iii.	Face Value of Equity shares (Rs.)	10	10
		<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>
J.		Earning in foreign currency as per Certificate submitted by Management		
		FOB value of Export Sale	12,240,575.53	1,02,06,702
K.		Expenditure in foreign currency:		
		Value of Imports of Raw Material on CIF basis	80,383,828.16	7,93,26,270.00
		Commission	1,17,593.71	1,20,541.00
		<b>Total</b>	<b>8,05,01,421.87</b>	<b>7,94,46,811.00</b>
L.		Contingent Liabilities & Commitments:		
	1	Estimated amount of contracts (Net of advances) remaining to be executed on capital account not Provided for	Nil	Nil
	2	(I) Letter of Credit Outstanding	61,18,813	1,02,89,714
		(II) Foreign Bills / Buyers Credit	34,42,135	31,68,374
		(III) Document at site	67,34,354	4,87,253
		(IV) Margin money given against above	90,00,000	90,00,000
	3	Bank Guarantee given by Company's Banker on behalf of the company	Nil	Nil
	4	Demand of Sales Tax Authorities (Net of advances) not acknowledged by the Company and contested/appealed	1,03,81,324	1,12,04,112
	5	Demand of Income Tax Authorities (Net of advances) not acknowledged by the Company and contested/appealed	14,03,075	1,403,075.00
	6	Demand of Central Excise Authorities (Net of advances) not acknowledged by the Company and contested/appealed	4,71,369	471,369.00
M.		Auditors Remuneration		



Actuarial (Gain) / Loss	Nil	Nil
Plan assets at the end of the year	Nil	Nil
Actuarial Assumption	Nil	Nil
Discounting Rate	8.00%	8.00%
Expected rate of return on plan assets	N.A.	N.A.
Rate of escalation in Salary (p.a.)	5.00%	5.00%

The rate of escalation in salary (p.a.) considered in actuarial valuation is worked out after into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Mortality rate are obtained from the relevant data of Life Insurance Corporation of India.

b) Liability in respect of Provident Fund is provided on actual contribution basis.

I.	Earnings Per Share	Rs.	Rs.
	As per Accounting Standard 20 of ICAI, New Delhi, Basic and Diluted of Earning per Share are as under		
	<b>Particulars</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
	i. Basic Earnings per Share		
	(1) Net Profit after Tax	3,04,02,977.77	1,89,91,090.82
	(2) Number of Equity Shares		
	At the beginning of the year	50,15,400	50,15,400
	Issued during the year on preferential basis for proportionate period	0	0
	Weight age Average Number of Equity Shares	50,15,400	50,15,400
	Basic Earnings per Shares	6.06	3.79
	ii. Diluted Earnings Per Share		
	(1) Net Profit after Tax duly adjusted	3,04,02,977.77	1,89,91,090.82
	(2) Numbers of Equity Share at the beginning of the year	50,15,400	50,15,400
	Issued during the year on preferential basis	0	0
	Diluted Potential Equity Shares	0	0







# GMS & CO.

## Practicing Company Secretaries

Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

**Form No. MR-3**

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

### **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2016**

The Members,

**PANCHSHEEL ORGANICS LIMITED**

**CIN NO: L24232MP1989PLC005390**

Add: B-6 & B-7 Sector-C,  
Industrial Area, Sanwer Road,  
Indore-452015, Madhya Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PANCHSHEEL ORGANICS LIMITED**. (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **PANCHSHEEL ORGANICS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **PANCHSHEEL ORGANICS LIMITED** for the financial year ended on 31<sup>st</sup> March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;



# GMS & CO.

## Practicing Company Secretaries

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Office: 302-A-wing, Rushabh Enclave, Near Ambemata Temple, Bhayander(w), Thane-401101.

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The following are the other laws applicable to the Company :
  - 1. Factories Act, 1948
  - 2. Industrial Disputes Act, 1947
  - 3. The Payment of Wages Act, 1936
  - 4. The Minimum Wages Act, 1948
  - 5. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
  - 6. The Payment of Bonus Act, 1965
  - 7. The Payment of Gratuity Act, 1972



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8. Key National law i.e.
  - Water (Prevention and Control of Pollution) Act, 1974;
  - Water (Prevention and Control of Pollution) Cess Act, 1977;
  - Air (Prevention and Control of Pollution) Act, 1981;
  - Environment (Protection) Act, 1986;
9. **Pharmaceutical Industry:**
  - Pharmacy Act, 1948 Drugs and Cosmetics Act, 1940
  - Homoeopathy Central Council Act, 1973
  - Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
  - Narcotic Drugs and Psychotropic Substances Act, 1985
  - Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974
  - The Medicinal & Toilet Preparations ( Excise Duties) Act, 1955 Petroleum Act 1934
  - Poisons Act 1919
  - Food Safety And Standards Act, 2006
  - Insecticides Act 1968
  - Biological Diversity Act, 2002
  - The Indian Copyright Act, 1957

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

*It is observed that as per the management representation letter given by the company that they have already submitted delisting application to Ahmadabad stock exchange the same matter is pending with the exchanges and delisted from Madhya Pradesh stock exchange due to closed of stock exchange.*

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition



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of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For GMS & CO.,  
Company Secretary in practice

Sd/-  
Gaurang Manubhai Shah  
Proprietor  
ACS No. 32581  
C.P. No. 11953.

Place: Mumbai  
Date: 30.05.2016

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.



# GMS & CO.

## Practicing Company Secretaries

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### Annexure A

The Members,  
**PANCHSHEEL ORGANICS LIMITED**  
**CIN NO: L24232MP1989PLC005390**  
Add: B-6 & B-7 Sector-C,  
Industrial Area, Sanwer Road,  
Indore-452015, Madhya Pradesh

My Report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to be express on opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examinations were limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For GMS & CO.,  
Company Secretary in practice  
Sd/-  
Gaurang Manubhai Shah  
Proprietor  
ACS No. 32581  
C.P. No. 11953

Place: Mumbai  
Date: 30.05.2016

## PANCHSHEEL ORGANICS LIMITED

Regd. Off: B-6 & B-7, Sector - C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015

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### ATTENDANCE SLIP

I/We hereby record my/our presence at the Annual General Meeting of the Company to be held on Friday, the 30<sup>th</sup> day of Sep, 2016 at 11.00 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015

<b>DPID * :</b>	<b>Folio No. :</b>
<b>Client Id * :</b>	<b>No. of Shares :</b>

**\* Applicable for investors holding shares in electronic**

Name and Address of the Shareholder (s)

If Shareholder (s), Please sign here

Signature \_\_\_\_\_

If Proxy, please mention name and sign here

Name & Signature \_\_\_\_\_

Note:

1. Please fill this attendance slip and hand it over at the entrance of the hall.
  2. Please complete the Folio / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
  3. Electronic copy of the Annual Report for 2016 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
  4. Physical copy of the Annual Report for 2016 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.
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## PANCHSHEEL ORGANICS LIMITED

Regd. Off: B-6 & B-7, Sector - C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015

### PROXY FORM

(Pursuant to section 105(6) of the companies act 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014)

Name of the member (s):	E-mail Id:
	No. of shares held
Registered address:	Folio No.
	DP ID*
	Client ID*

**\* Applicable for investors holding shares in electronic form.**

I/We of being a Member/Members of **Panchsheel Organics Limited** hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Friday, the 30<sup>th</sup> day of Sep, 2016 at 11.00 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015, and any adjournment thereof.

Affix  
revenue  
stamp

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature \_\_\_\_\_

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
5. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 27<sup>th</sup> Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.