



PANCHSHEEL ORGANICS LIMITED

ANNUAL REPORT 2013-14

BOARD OF DIRECTORS

Mahendra Turakhia	Promoter /Chairman & Managing Director
Kishore Turakhia	Promoter/Executive Director
Rajesh Turakhia	Promoter/Executive Director
Varsha ketan Doshi	Independent Director
Diwakar Mani Tripathi	Independent Director
Shambhunath Chakravarti	Independent Director

REGISTERED OFFICE

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

CORPORATE OFFICE

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

BANKERS

1. Yes Bank Ltd,
Horniman Circle, Mumbai

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

AUDITORS

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

COMPLIANCE OFFICER

Gaurang Shah – Company Secretary

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. Off.: B-6 & B-7 Sector-C, Industrial Area, Sanwer Road,

Indore, Madhya Pradesh -452015.

CIN: L24232MP1989PLC005390

☎ 0731-2721709 ☎ 91-22063929 ✉ www.panchsheelorganics.com

NOTICE

NOTICE is hereby given that 25th Annual General Meeting (AGM) of the Members of the Panchsheel Organics Limited will be held on Tuesday, September 30, 2014 at 11:30 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 31st March, 2014, Profit & Loss Account for the year ended on that date, including the Notes/ Schedules thereto, Auditors Report and Directors Report Annual Report has been sent to the members on 10th September, 2014 to their registered address and the aforesaid documents have also been sent electronically to those members who have registered their e-mail addresses.

Members are hereby informed that the Notice of the Meeting and the aforesaid documents are available on the Company's website (www.panchsheelorganics.com) and are also at the website of Central Depository Services (India) Limited (CDSL) at www.evotingindia.com.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses;

1. In respect of electronic holdings, through their concerned Depository Participant,
2. In respect of holding in physical form, the PURVA SHAREGISTRY (INDIA) PVT. LTD, Registrar and Share Transfer Agents of the Company.

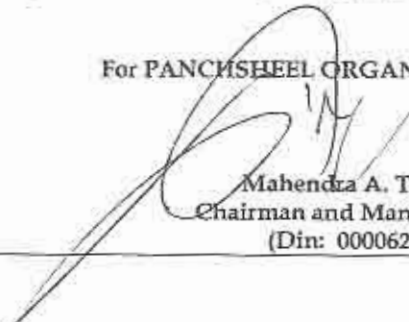
Notice pursuant to Section 91 of the Companies Act, 2013 read with Clause 16 of the Listing Agreement that the Register of Members and Share Transfer Books of the Company will remain closed from Friday, 26th September, 2014 to Tuesday, 30th September, 2014 (both the days inclusive) for the purpose of ensuing AGM.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQS") and e-voting manual available at www.evotingindia.com under help section or write an email to tohelpdesk.evoting@cdslindia.com.

For PANCHSHEEL ORGANICS LIMITED

Place: Indore

Date: 10/09/2014


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

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty Fifth Annual Report along with the Audited Accounts of the Company for the year ended 31st March 2014.

OPERATING RESULTS

Particulars	2013-2014 (₹)	2012-2013 (₹)
Revenue from Operation	391,762,026	334,018,653
Other Income	644,446	249,078
Total Income	392,406,473	334,2,67,731
Operating, Depreciation and Other Expenses	338,766,969	292,560,708
Administrative and Finance Cost	266,743,96	240,77,517
Total Expenses	365,441,366	316,638,225
Profit before Tax	26,965,106	17,629,506
Less: Provision for Current Tax	10,507,348	8,400,000
Provision for Deferred Tax	(1,258,198)	(3,517,174)
Income Tax for earlier year	127,080	82,486
Profit After Tax	17,588,877	12,664,194

PERFORMANCE

During the year under review your Company achieved a turnover of ₹ 3917 Lacs compared to ₹3340 Lacs in the previous fiscal year 2012-2013, registering an increase of 17.27%. The Turnover of the Company for the year under review showed a positive growth.

DIVIDEND

Your Directors recommend for approval of the members at the ensuing Annual General Meeting payment of final dividend of 5% per equity share (₹0.50 per equity share) for the financial year ended March, 2014. 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 as on 25th September, 2014; 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 higher growth of 17.27% over the corresponding previous year.

DIRECTORS

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

AUDITORS

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

The Company has received a letter from M/s V. Shah & Associates, Chartered Accountants to the effect that their re-appointment, if made would be within the limits specified under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified within the meaning of Section 226 of the Companies Act, 1956 for such re-appointment.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and do not call for any further comments.

COST AUDITOR

The Board of Directors of Company has, upon recommendations of the Audit Committee, appointed Jitendrakumar Yadav & Associates., Cost Accountant as Cost Auditors for conducting an audit of Cost Accounting Records maintained by the Company for the Financial Year 2014-15. As required under the provisions of Section 224 (1B) read with Section 233B (2) of the Companies Act, 1956, the Company has obtained a written confirmation from CMA Jitendrakumar Yadav & Associates, to the effect that they are eligible for appointment as Cost Auditors under Section 233B of the Companies Act, 1956.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. The Cost Auditors shall forward their report to the Central Government, Ministry of Corporate Affairs, New Delhi for the Financial Year 2014-15, within the prescribed time limit.

COMMITTEE OF DIRECTORS

Reconstitution of Shareholders / Investors Grievances Committee:

During the year under review, the Shareholders /Investor Grievances Committee was reconstituted on 30th May, 2014 as follows:

Name of the Director	Status
Mr. Diwakar Mani Tripathi	Chairman (Non Executive Director/ Independent Director)
Mr. Rajesh Turakhia	Member (Executive Director)
Mr. Shambhunath Chakravart	Member (Independent Director)

FIXED DEPOSITS

During the year under review, the Company did not accept or invite any deposit from the public within the purview of section 58A of the Companies Act, 1956.

FINANCIAL CONDITION AND RESULT OF OPERATION

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

PARTICULARS OF EMPLOYEES

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- 1) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and profit for the year under review.
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities.
- 4) The Directors have prepared the annual accounts for the financial year ended 31st March 2014 on a "going concern" basis.

LISTING OF EQUITY SHARES

The equity shares of your Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and the Madhya Pradesh Stock Exchange, Indore. The Listing fee for the financial year 2014-2015 has already been paid.

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

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

CORPORATE GOVERNANCE

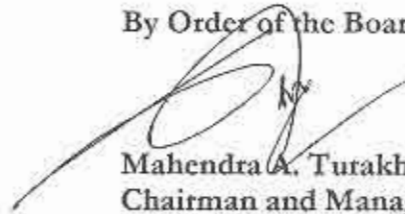
As required by the Clause 49 of the Listing Agreement entered in to by your Company with the BSE Limited and Madhya Pradesh Stock Exchange and The National Stock Exchange of India Limited, a detailed Report on Corporate Governance together with a report on Management Discussion Analysis is included in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

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



Mahendra A. Turakhia
Chairman and Managing Director

Place: Indore
Date: 30th May, 2014

ANNEXURE TO DIRECTOR'S REPORT

Information pursuant to Section 217 (1) (c) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1998 forming part of the Directors Report for the year ended 31st March 2014.

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	641300	657101
	Amount (Rs. In Lacs)	45.33	45.64
	Rate per unit (Rs.)	7.07	6.95
	Consumption per unit of Production (in unit)/Kg	8.98	7.21
2.	Furnace Oil (Diesel)		
	Total units (ltr.)	416039	202557
	Amount (Rs. In Lacs)	29.33	68.25
	Rate per Unit (Rs.)	7.05	33.69
	Consumption per unit of production (in unit) Kg	5.82	2.22

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

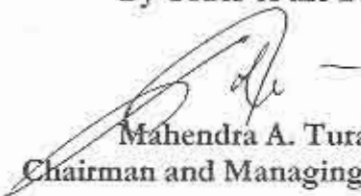
The management has created a work culture in the organization to foster innovation in all functions including production. The technology used is entirely indigenous. However, continuous efforts are being made towards the modernization and up gradation of technology for higher output of the products qualitatively 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 ₹55,263,518/- and exported the goods worth ₹11,140,760/-.

During the year company spent foreign exchange of ₹28,08,429 for capital expenditure and consultancy fees.

By Order of the Board of Directors


Mahendra A. Turakhia
Chairman and Managing Director

Place: Indore
Date: 30th May, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION AND OVERVIEW

The pharmaceutical industry is expected to grow at 19% in 2013 & the domestic pharmaceutical market is estimated to touch US \$ 20 billion by 2015. 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.

Driven by all such factors, India has been recognized as one of the leading global players in pharmaceuticals. The annual turnover of the industry is estimated to be about US \$ 17 billion (over Rs. 68,000 crores) during 2006-07. Indian exports are destined to more than 200 countries around the globe including highly regulated markets of US, Europe, Japan and Australia. The value of exports of drugs and pharmaceuticals has increased to Rs.24,942 crores in 2006-07 from around Rs. 22,216 crores in 2005-06. While, the imports of medicinal and pharmaceutical products have been around Rs. 5867.3 crores (provisional) in the year 2006-07. It is estimated that by the year 2010, the industry has the potential to achieve over Rs. 1,00,000 crores in formulations and bulk drug production. Moreover, increasing number of Indian pharmaceutical Companies have been getting international regulatory approvals for their plants from agencies like USFDA (USA), MHRA (UK), TGA (Australia), MCC (South Africa), Health Canada, etc. India has the largest number of USFDA approved plants for generic manufacture. Leading Indian companies are now seeking more Abbreviated New Drug Approvals (ANDAs) in USA in specialized segments like anti infectives, cardiovasculars and central nervous system groups.

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\$ 9.17 BN for the period between April 2000 and January 2012.

FACTORS INFLUENCING GROWTH OF THE INDUSTRY

The Indian pharmaceutical industry ranks 14th 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 2008-2015, prescription drugs worth about US\$ 300 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 APIs 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 2011-12 and this will have a positive impact on all the sectors. However, to tap the full potential of this emerging opportunity, the domestic industry needs to improve its cost effectiveness, scale of operations and quality/reliability in order to be able to compete with other global suppliers in the export market.

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

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

Factors that may affect our results of the operations

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

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

Our Results of Operations

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

PARTICULARS	Year ended March 31 2014 (₹)	Year ended March 31 2013 (₹)
INCOME		
Sales & Income from Operation		
Export	1,31,10,967.00	88,53,023.00
Domestic	38,80,71,830.00	33,58,35,296.00
	40,11,82,797.00	34,46,88,319.00
(Increase)/Decrease in Stocks	27,85,023.00	(74,35,997.00)
Less: Excise Duty	95,11,068.00	1,07,25,058.00
Add:-Other Income	6,44,446.00	2,49,078.00
Other Operating Income	90,297.00	55,392.00
TOTAL	38,96,21,449.00	34,17,03,728.00
EXPENDITURE		
Operating Expenditure	28,88,60,330.00	23,96,27,399.00
Administrative And Other Expenditure	5,56,32,966.00	6,77,42,480.00

Finance Charges	72,89,968.00	64,08,090.00
Depreciation for the Year	1,08,73,077.00	1,02,96,253.00
TOTAL	36,26,56,342.00	32,40,74,222.00
Profit Before Tax	2,69,65,107.00	1,76,29,506.00
Less: Provision for Deferred Tax	(12,58,198.00)	(35,17,174.00)
Provision for Income Tax	1,05,07,348.00	84,00,000.00
Income Tax for earlier Year	1,27,080.00	82,486.00
Profit After Tax	1,75,88,877.00	1,26,64,193.00
Balance brought forward	9,24,70,629.00	9,13,26,538.00
Balance carried to balancesheet	1,75,88,877.00	1,26,64,193.00
Earning Per Share	3.51	2.53

(1) Total Income

Our revenue has increased from ₹34,17,03,728 to ₹38,96,21,449 as compared to previous year i.e 2012-13 to at a rate of 14.02%. The Sales have increased at a rate of 16.39%. Sales in export market has increased to ₹42,57,944 in current year while sales in domestic market has increased from ₹33,58,35,296 to ₹38,80,71,830.00 as compared to previous financial year. There is increase in stock of ₹74,35,998 in Financial Year 2012-13 to where as in Current Year there is decrease in stock of ₹27,85,023.00 in Financial Year 2013-14

(2) Operating Expenditure

The operating expenditure has increase from ₹23,96,27,399 to ₹28,88,60,330 as compared to previous financial year. The operating expenditure has been decrease by 20.54 %.

(3) Administrative and other expenses

The administrative expenses have decreased from ₹6,77,42,480 to ₹5,56,32,966 as compared to previous financial year. The expenditure has decreased by 17.88 %

(4) Interest and Financial Charges

Net Financial charges has increased from ₹64,08,090.00 to ₹72,89,968.00 as compared to previous financial year. There has been increase of 13.76%. The increase has been due to the borrowings in the Financial Year.

(5) Depreciation

The Depreciation cost has increased from ₹1,02,96,253.00 to ₹1,08,73,077.00 in Financial Year 2013-2014

(6) Net Profit

Net profit for the financial year 2013-14 is ₹1,7588877.00

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 black ink, consisting of a large, stylized initial 'A' followed by a surname, and a long horizontal line extending to the right.

Corporate Governance Report 2013-2014

The detailed report on Corporate Governance, for the financial year ended March 31, 2014 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on the Code of Governance

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

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

2. Board of Directors

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

2.1. Composition and category of Directors

<i>Category</i>	<i>Name of Director</i>
Promoter / Executive Director	Mahendra A. Turakhia Kishore A. Turakhia Rajesh A. Turakhia
Non Executive and Independent Director	Varsha ketan Doshi 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 31st March, 2014. These were held on 30th May, 2013; 14th August, 2013; 14th November, 2013; 14th February, 2014.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year ended 31st March 2014 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
Kirit M. Doshi	4	Yes	None	None
Radheshyam Ramprasad Tawani	4	Yes	None	None
Bhatatkumar R Desai	4	Yes	Bharat Parenterals Limited	None

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

2.3 Information provided to the Board:

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

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

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

Mr. Kishore A. Turakhia, aged 58 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.

Mr. Sambhunath Chaturvedi, aged 58 years, residing at 6B, Gobinda Auddy Road, FL-11, Kolkata-00027 holds the Degree of Doctor.

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 Mrs. Varsha ketan Dosh as a Chairman, Mr. Kishore A Turakbia and Diwakar Mani Tripathi as members. The Audit Committee meets with the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreements. Mr. Chandrakant A Shah is the Secretary of the Audit Committee.

3.2 Brief description of the terms of reference

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

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

Corporate Governance Report 2013-2014

- (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 2012-13

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
Mr. Kiritkumar M. Doshi	Independent	4	4
Mr. Kishore A. Turakhia	Non-Independent	4	4
Mr. Bharatkumar R Desai	Independent	4	4

4. Remuneration Committee

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

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

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

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

The Remuneration Committee of the Board comprises three Directors namely:

Mr. Diwakar Mani Tripathi	-	Chairman
Mr. Rajesh A. Turakhia	-	Member
Mr. Varsha ketan Doshi	-	Member

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

(Rupees in Lacs)

Particulars	2013-14	2012-13	2011-12
Salary and Allowances (Rs.)	78,00,000	73,20,000	18,80,000
Contribution to PF, Superannuation and Gratuity Funds (Rs.)	-	-	-
Commission (Rs.)	-	-	-
Total (Rs.)	78,00,000	73,20,000	18,80,000

The details of remuneration paid to the Non-Executive Directors by way of sitting fees during the financial year 2013-14 are given below:

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

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.

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.

During the year under the review, the Shareholders/ Investor Grievance Committee was reconstituted on 30th May, 2014 by appointing Mr. Diwakar Mani Tripathi, Chairman, Mr. Kishore A Turakhia and Mr. Rajesh A Turakhia as members.

5.3 Compliance Officer

Mr. Gaurang Shah is the Compliance officer of the Company

6. General Body Meetings

6.1 Location and time, where last three AGMs were held

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

Financial Year	Date & Time	Venue
2010-2011	30 September, 2011 at 11.30 a.m.	Registered Office
2011-2012	29 September, 2012 at 11.30 a.m.	Registered Office
2012-2013	20 th July, 2013 at 11.30 am	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.

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

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

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

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

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

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

7.3 Prevention of Insider Trading

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

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

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

7.4 Code of conduct

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

7.5 Details of Compliance with Clause 49 of the Listing Agreement

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

8 Means of Communication

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

The forthcoming Annual General Meeting of the Company is scheduled to be held on 30th September, 2014 at the Registered Office of the Company at 11.30 a.m. at B-6 & B-7, Sector C, Industrial Area, Sanwer Road, Indore-452015.

10.2 Financial Year of the Company

1st April to 31st March.

10.3 Date of Book Closure

From 26th September, 2014 to 30th September, 2014 (Both days inclusive).

10.4 Dividend payment date

Credit/ dispatch of dividend warrants between 01st September, 2014 to 5th September, 2014.

10.5 Listing on Stock Exchange

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

10.6 Stock Code

531726 on The Bombay Stock Exchange Limited, Mumbai
2853 on The Madhya Pradesh Stock Exchange Limited, Indore

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

INE 316G0101

10.7 Market Price Data: High Low during each month in Financial Year i.e. 1st April 2013 to 31st March, 2014.

Month	Open Price	High Price	Low Price	Close Price	No. of Shares
April 2013	24.00	24.00	24.00	24.00	1,884
May 2013	24.00	24.00	23.00	23.00	5,698
June 2013	23.00	23.00	21.90	21.90	1,437
July 2013	22.95	22.95	22.00	22.00	30,200
August 2013	22.00	22.00	22.00	22.00	92
September 2013	20.95	21.95	20.00	20.00	457
October 2013	21.00	22.25	21.00	21.25	3,641
November 2013	21.90	21.90	20.00	20.00	2,900
December 2013	20.50	22.25	19.90	20.50	161,901
January 2014	19.90	22.00	19.00	20.90	33,271
February 2014	20.00	22.25	20.00	21.00	1,346
March 2014	21.00	23.95	18.70	23.45	11,510

10.8 Registrar and Share Transfer agents

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

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 11100 Equity shares in the physical form during the financial year 2013-14.

10.10 Distribution Schedule and Shareholding Pattern as on March 31, 2014

Distribution Schedule as on March 31, 2014

Sr. No.	Category	No. of Shareholders	% of Shareholders	Amount	% Amount
1	1 - 5000	1058	73.37	23,22,230	4.63

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2	5001 - 10000	193	13.38	16,98,880	3.39
3	10001 - 20000	90	6.24	13,27,690	2.65
4	20001 - 30000	22	1.53	5,77,520	1.15
5	30001 - 40000	18	1.25	6,42,130	1.28
6	40001 - 50000	17	1.18	7,95,090	1.59
7	50001 - 100000	20	1.39	14,45,070	2.88
8	100001 and above	24	1.66	4,13,45,390	82.44
Total		1442	100.00	50,15,4000	100.00

Shareholding Pattern as on March 31, 2014

Sr. No.	Category of Shareholder	No. of Shareholders	Number of Shares	% of Equity
1.	Promoters	6	30,19,191	60.20
2.	Mutual Funds/ UTI	-	-	-
3.	Bank /Financial Institution/ Insurance Company	-	-	-
4.	FII's/GDR	-	-	-
5.	Private Bodies Corporate	41	3,63,725	7.25
6.	Indian Public	1362	15,39,805	30.70
7.	NRI's/OCBs	3	63,300	1.26
8.	Others	30	29,379	0.59
Total		1,442	50,15,400	100

10.11 Dematerialisation of Shares

As on 31st March, 2014, 9,04,159 equity shares of Rs.10/- each were in dematerialized form with NSDL and 33,82,241 equity shares of Rs. 10/- each were in dematerialized form with CDSL constituting 18.03% and 67.44% respectively of the paid-up capital.

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

Not issued

10.13 Plant Locations

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

10.14 Address for correspondence

For any Query relating to the Shares of the Company

Purva Share Registry (I) Private Limited

Shiv Shakti Industrial Estate, Unit No. 9, 7/B, Sitaram Mill Compound, J. R. Boricha Marg,
Lower Parel, Mumbai- 400 011

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

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

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

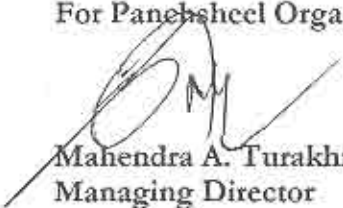
I, Mahendra Turakhia, Chairman & Managing Director of Panchsheel Organics Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet as on 31st March, 2014 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 violative 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;

Corporate Governance Report 2013-2014

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

For Panchsheel Organics Limited



Mahendra A. Turakhia
Managing Director

Place: Indore
Date: 30th May, 2014

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

V. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**TO THE MEMBERS OF
PANCHSHEEL ORGANICS LIMITED**

We have examined the compliance of condition of Corporate Governance by Panchsheel Organics Limited (the Company) for the year ended on **March 31, 2014**, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is no an audit or expression of opinion on the financial statements of the Company.

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

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

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

Place : Indore
Date: 30.05.2014



For V.Shah & Associates
Chartered Accountants

A handwritten signature in black ink, appearing to read "V.R. Shah".

V.R.Shah
Proprietor



VIRENDRA SHAH
EDCA 111 F. CA 111

V. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Panchsheel Organics Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Panchsheel Organics Limited (the Company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on above date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as



well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanation given to us, the financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- II. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



1. In respect of its Fixed Assets

- (a) The company is in process of updating the records showing full particulars, including quantitative details and situation of fixed assets
- (b) As explained to us, the Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. We are not in a position to comment on the discrepancies, if any between physical and book balances and the impact thereon since the records for the same were not available for our verification.
- (c) In our opinion and according to the information and explanation given to us, no substantial parts of fixed assets have been disposed off during the year and therefore, do not affect the going concern assumption.

2. Inventory

- (a) As explained to us, the inventory has been physically verified during the year by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancy noticed on physical verification of inventory has been properly dealt within the books of accounts.

3. (a) 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 301 of The Companies Act, 1956.

- (b) The Company has not taken any unsecured loans (in the nature of Deposits) covered in the Register maintained u/s 301 of The Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed a continuing failure to correct major weaknesses in internal controls.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956, have been entered into the register required to be maintained under that section.

- (b) The transactions made in pursuance of such contracts or arrangements, were made at prices which are reasonable having regard to prevailing market prices at the relevant time where comparable market price exist.



6. In our opinion and according to the information and explanations given to us, The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. Company has not carried out internal audit as per the requirement of Clause (vi) of CARO, 2003.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government for maintenance of cost records under Clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that prime facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with the view to determine whether they are accurate or complete.
9. Statutory and other dues.
- (a) According to the information and explanations given to us and based on the records examined by us, the Company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Customs duty, Excise Duty, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, Customs Duty, Service Tax, Excise Duty and any other Statutory dues as at 31.03.2014 for a period of more than six months from the date they become payable.
- (c) According to the information and explanation given to us, details of the dues of Sale Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Service Tax and Cess, 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 Amount (Rs)
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2003-04	The Dy. Commissioner of Sales Tax (Appeal 3), Mumbai	6,05,877.00
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2004-05	The Dy. Commissioner of Sales Tax (Appeal 3), Mumbai	13,75,000.00
Central Sales Tax	Sales Tax, Interest & Penalty	F.Y. 2005 - 06	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	452,310.00
Central Sales Tax	Sales Tax, Interest & Penalty	F.Y. 2006 - 07	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	3,41,438.00



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)	591,208.00
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2008 - 09	The Hon'ble Registrar, MP Commercial Tax Appellate Board, Bhopal (MP)	688,435.00
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2008-09	The Dy. Commissioner of Sales Tax (Appeal), CT Ernakulum	2,76,114.00
Central Sales Tax & VAT	Sales Tax, Interest & Penalty	F.Y. 2009 - 10	The Dy. Commissioner of Commercial Tax (Appeals), Indore	14,85,294.00
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 1998 - 99	The Income Tax Appellate Tribunal, Indore	447,684.00
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 1999 - 00	The Income Tax Appellate Tribunal, Indore	9,03,802.00
Income Tax Act, 1961	80HHC/80I A/MAT	F.Y. 2000 - 01	The Income Tax Appellate Tribunal, Indore	1,50,486.00
Central Excise Act, 1944	Excise Duty	F.Y. 1999 - 00	The Asst Registrar, Customs Excise & Service Tax Appellate Tribunal, New Delhi	4,71,369.00
Central Sales Tax & vat	Sales tax interest & penalty	F.Y 2010-11	The Dy. Commissioner of Sales Tax(appeal) Indore	1,54,055.00



10. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding financial year.
11. Based on our Audit procedure and on the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, Clause 4(Xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. The Company is not dealing or trading in shares, Mutual Fund and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. There is no guarantee given by the Company for loans taken by others from bank and financial institutions;
16. The Company has applied amount of term loans for the purpose for which the term loan was obtained;
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have, prima facie, have not been used during the year for long term investment (fixed assets, etc.,)
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year under review.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issues during the year.
21. To the best of our knowledge and belief and according to the explanations given to us, no fraud on or by the company was noticed or reported during the year.

Place: Indore
Date : 30.05.2014



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

V.R. Shah
Proprietor
Membership No. 034994

PANCHSHEEL ORGANICS LIMITED

BALANCE SHEET AS AT 31 ST MARCH 2014

(Amount in Rs.)

Sr. No.	Particulars	Notes	As at March 31, 2014	As at March 31, 2013
I.	<u>EQUITY AND LIABILITIES</u>			
A.	Shareholders' Funds			
	Share Capital	1	50,154,000.00	50,154,000.00
	Reserve & Surplus	2	124,833,353.88	110,178,360.63
			174,987,353.88	160,332,360.63
B.	Non Current Liabilities			
	Long term borrowings	3	6,086,126.10	5,039,747.50
	Deferred Tax Liability	4	10,799,120.45	12,057,318.77
	Long term provisions	e	9,322,626.00	7,341,115.00
			26,207,872.55	24,438,181.27
C.	Current Liabilities			
	Short term borrowings	6	43,869,860.79	55,587,799.78
	Trade payables	7	86,578,568.14	65,421,965.28
	Other current Liabilities	8	5,103,283.71	4,866,722.80
	Short term provisions	9	16,690,064.38	10,148,986.62
			152,241,777.02	136,025,474.48
	Total		353,437,003.44	320,796,016.38
II.	<u>ASSETS</u>			
A.	Non Current Assets			
	Fixed Assets			
	Tangible Assets	10	78,418,418.80	77,221,124.40
	Intangible Assets		-	-
	Non Current Investments	11	6,000.00	6,000.00
	Long term Loans & advances	12	4,962,353.50	4,305,393.50
			83,386,772.30	81,532,517.90
B.	Current Assets			
	Inventories	13	99,388,494.01	90,252,654.61
	Trade receivables	14	139,217,386.85	120,119,076.64
	Cash & Bank balances	15	6,499,500.32	4,036,355.27
	Short term loans & advances	16	24,944,849.96	24,696,950.96
	Other Current assets	17	-	158,461.00
			270,050,231.14	239,263,498.48
	Significant Accounting policies and Other explanatory Notes & Informations	26		
	Total		353,437,003.44	320,796,016.38

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

V.R. Shah
V.R. Shah
Proprietor

Place : Indore
Date : 30.05.2014



For and on behalf of the Board

Mahendra Turakhia
Mahendra Turakhia
Chairman & Managing Director

Rajesh Turakhia
Rajesh Turakhia
Director

Kishore Turakhia
Kishore Turakhia
Director

PANCHSHEEL ORGANICS LIMITED

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

(Amount in Rs.)

Sr. No.	Particulars	Notes	2013-14	2012-13
I.	Revenue from operations	18	391,762,026.83	334,018,653.00
II.	Other income	19	644,445.81	249,077.55
III.	Total Revenue (I + II)		392,406,472.64	334,267,730.55
IV.	Expenses:			
	Raw Material Consumed	20	193,076,923.73	162,079,429.64
	Cost of Traded Goods	21	95,783,406.35	77,547,968.95
	(Increase) / Decrease in Inventories	22	2,785,023.57	(7,435,997.60)
	Employees Cost	23	19,384,426.00	17,669,427.00
	Finance Cost	24	7,289,968.32	6,408,090.43
	Depreciation	10	10,873,077.41	10,296,253.05
	Other Expenses	25	36,248,538.34	50,073,053.80
	Total expenses		365,441,365.72	316,638,225.27
V.	Profit before exceptional and extraordinary items and tax (III-IV)		26,965,106.92	17,629,505.28
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		26,965,106.92	17,629,505.28
VIII.	Extraordinary Items		0.00	0.00
IX.	Profit before tax (VII- VIII)		26,965,106.92	17,629,505.28
X.	Tax expense:			
	(1) Current tax		10,507,348.00	8,400,000.00
	(2) Deferred tax Expense / (Income)		(1,258,198.32)	(3,517,174.23)
	(3) Income Tax of earlier period		127,080.00	62,486.03
			9,376,229.68	4,965,311.80
XI.	Profit (Loss) for the period from continuing operations (IX-X)		17,588,877.24	12,664,193.48
XII.	Profit/(loss) from discontinuing operations		-	-
XIII.	Profit (Loss) for the period (XI + XII)		17,588,877.24	12,664,193.48
XIV.	Earnings per equity share:			
	(1) Basic		3.51	2.53
	(2) Diluted		3.51	2.53
	Significant Accounting policies and Other explanatory Notes & Informations	26		

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

V.R. Shah
V.R. Shah
Proprietor



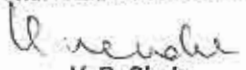
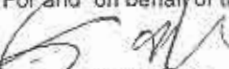


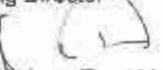
Place : Indore
Date : 30.05.2014

For and on behalf of the Board

Mahendra Turakhia
Mahendra Turakhia
Chairman & Managing Director

Rajesh Turakhia
Rajesh Turakhia
Director

Kishore Turakhia
Kishore Turakhia
Director

PANCHSHEEL ORGANICS LTD			
Cash Flow Statement			
	Particulars	For the year ended 31st March 14	For the year ended 31st March 13
(A)	CASH FLOW FROM OPERATING ACTIVITIES		Rs.
	Profit before tax and extra ordinary items	26,965,107	17,629,505
	Adjustment for:		
	Add: (1) Depreciation	10,873,077	10,296,253
	(2) Interest paid	7,289,968	6,408,090
	(3) Loss due to fire		-
		45,128,163	34,333,849
	Less: (1) Interest received	520,936	249,078
	(2) Other Non operating Income	123,510	-
		44,483,707	34,084,771
	Operating profit before working capital changes		
	Adjustment for Working Capital changes		
	Less: (1) Increase in Trade & Other Receivable	19,844,708	15,872,634
	(2) Increase in Inventory	9,135,839	6,767,902
		15,503,159	11,424,235
	Add: (1) Increase in Trade Payable & Other Liabilities	24,214,505	(490,749)
		39,717,664	10,933,486
	Cash generated from operations	39,717,664	10,933,486
	Less: (1) Direct Taxes paid	4,400,000	4,000,000
	(2) Income tax adjustment of earlier year	183,849	82,486
	(3) Interest on Advance I-Tax	560,173	-
		34,573,642	6,851,000
	Cash flow before extra-ordinary items	34,573,642	6,851,000
	Net Cash Flow From Operating Activities	34,573,642	6,851,000
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Add: (1) Subsidy from UNIDO		3,933,860
	(2) Other Non operating Income	123,510	-
		123,510	3,933,860
	Less: (1) Purchase of Fixed Assets/ Capital W I P/ Pre operative	12,070,372	14,008,174
	(2) Investment in Fixed Deposit		-
		(11,946,862)	(10,074,315)
	Net Cash Used in Investing Activities	(11,946,862)	(10,074,315)
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Add (1) Proceeds from Long Term Borrowings		0.00
	(2) Proceeds from Short Term Borrowings	(11,717,939)	22,424,801
	(4) Interest Received	520,936	249,078
		(11,197,003)	22,673,878
	Less: (1) Repayment of Long Term Loans	1,250,480	1,924,232
	(2) Repayment of Unsecured Loans		10,000,000
	(3) Repayment of Vehicle / Working Capital Loans		-
	(4) Dividend & Distri. Tax	426,184	-
	(4) Interest paid	7,289,968	6,408,090
		(20,163,635)	4,341,556
	Net Cash used in Financing activities	(20,163,635)	4,341,556
	Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	2,463,145	1,118,241
	* Cash & Cash Equivalents at the commencement of the year	4,036,355	2,918,114
	* Cash & Cash Equivalents at the close of the year	6,499,500	4,036,355
As per our report of even date For V Shah & Associates Chartered Accountants		For and on behalf of the Board	
 V.R. Shah Proprietor		 Mahendra Turakhia Chairman & Managing Director	
		 Rajesh Turakhia Director	
Place : Indore Date : 30.05.2014		 Kishore Turakhia Director	

PANCHSHEEL ORGANICS LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
NOTE - 1 : SHARE CAPITAL		
Authorised Capital 60,00,000 (P.Y. 60,00,000) Equity Shares of Rs. 10/- each	60,000,000.00	60,000,000.00
Issued Subscribed and Paid up 50,15,400 (P.Y. 50,15,400) Equity Shares of Rs. 10/- each	50,154,000.00	50,154,000.00
TOTAL	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 2014, the amount of dividend per equity share recognised as distributions to equity shareholders was Rs. 0.50 (31st March,2013 - 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	2013-14		2012-13	
	No. of Shares	% of Holding	No. of Shares	% of Holding
MAHENDRA A TURAKHIA	1072306	21.38	1001412	19.97
KISHORE A TURAKHIA	1078240	21.50	1005840	20.06
RAJESH A TURAKHIA	1074239	21.42	1000839	19.96
SUNEETA CHEMICALS P 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	2013-14	2012-13
	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	5015400	5015400
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	5015400	5015400
NOTE - 2 : RESERVE & SURPLUS		
Capital Reserve :		
Subsiby from UNIDO	8,448,171.12	6,584,824.80
Add : Received during the year	-	3,933,859.65
	8,448,171.12	10,518,684.45
Less : Transferred to Statement of Profit and Loss	-	2,070,513.33
	8,448,171.12	8,448,171.12



PANCHSHEEL ORGANICS LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
Share Premium :	3,000,000.00	3,000,000.00
General Reserve :		
Balance as per Last Balance Sheet	6,259,560.00	4,759,560.00
Add : Current year transfer	1,800,000.00	1,500,000.00
	8,059,560.00	6,259,560.00
Statement of Profit & Loss :		
Balance as per last Balance Sheet	92,470,629.51	91,326,538.03
Less : Gratuity Liability upto 31.03.12	-	7,086,218.00
	92,470,629.51	84,240,320.03
Add : Profit for the year	17,588,877.24	12,664,193.48
Less : Transfer to General Reserve	1,800,000.00	1,500,000.00
Less : Provision for Dividend	2,507,700.00	2,507,700.00
Less : Dividend Distribution Tax	426,184.00	426,184.00
	105,325,622.75	92,470,629.51
TOTAL	124,833,353.88	110,178,360.63
NON CURRENT LIABILITIES :		
NOTE - 3 : SECURED LOANS		
# Term Loan From Madhya Pradesh Financial Corporation	9,493,012.10	7,870,293.50
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	3,800,000.00	3,600,000.00
	5,693,012.10	4,270,293.50
\$ Vehicle Loan from YES Bank	795,451.00	1,167,690.00
Less: Amt. disclosed under the head "Other Current Liability" - Note No.- 8	402,337.00	398,236.00
	393,114.00	769,454.00
Sub Total	6,086,126.10	5,039,747.50
TERMS OF REPAYMENT OF LOANS :		
# Repayable in First Ten Installment of Rs. 600000/- each and remaining Ten Installment of Rs. 900000/- each @ rate of interest at 14% p.a.		
\$ Repayable in 36 equal monthly installment of Rs. 38150/- from month February, 2014 @ rate of interest at 9.52 % p.a.		
There is no default in repayment of Loan Installment and interest thereon.		
SECURITY PROVIDED :		
# First charge over the Fixed Assets by way of equitable mortgage of Land & Building and hypothecation of Plant & Machinery of the company. Further secured and their relatives and personal guarantee of 3 Directors of the company.		
\$ Secured against hypothecation of specific Vehicle and personal guarantee of Director of the company.		
UNSECURED LOANS		
Inter Corporate Loans	-	-
Sub Total	-	-
TOTAL	6,086,126.10	5,039,747.50



PANCHSHEEL ORGANICS LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
NOTE NO - 4 : DEFERRED TAX LIABILITY		
Deferred Tax Liability Balance B/f.	12,057,318.77	15,574,493.00
Add : Deferred Tax expense / (Income)	(1,258,198.32)	(3,517,174.23)
TOTAL	10,799,120.45	12,057,318.77
The Major components of Deferred Tax Liabilities are as under :		
Particulars	31.03.2014	31.03.2013
A) Deferred Tax Liability		
Difference between Accounting and Tax depreciation	10,799,120.45	12,057,318.77
B) Deferred Tax Assets		
Unabsorbed Depreciation & Business Loss	-	-
Others	-	-
C) Net Deferred Tax Liability	10,799,120.45	12,057,318.77
NOTE NO - 5 : LONG TERM PROVISIONS		
Provision for Gratuity	10,358,473.00	8,156,794.00
Less: Amt. disclosed under the head "Short term Provisions" - Note No.- 9	1,035,847.00	815,679.00
TOTAL	9,322,626.00	7,341,115.00
NOTE NO - 6 : SHORT TERM BOROWINGS		
<u>Secured</u>		
Working Capital Limit with Yes Bank	30,542,141.85	29,218,894.66
Working Capital Limit with HSBC Bank Ltd. (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 three Directors of Company.)	13,327,718.94	26,368,905.12
TOTAL	43,869,860.79	55,587,799.78
NOTE NO - 7 : TRADE PAYABLES		
UNSECURED		
Sundry Creditors	86,578,568.14	65,421,965.21
(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.)		
TOTAL	86,578,568.14	65,421,965.21



PANCHSHEEL ORGANICS LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
NOTE NO - 8 : OTHER CURRENT LIABILITIES		
<u>Secured</u>		
M.P.F.C.- (Note No.-3 : Current portion of Term Loan)	3,800,000.00	3,600,000.00
YES Bank - (Note No.-3 : Current portion of Car Loan)	402,337.00	398,236.00
Sub Total	4,202,337.00	3,998,236.00
<u>Unsecured</u>		
Duties & Taxes	790,655.21	868,486.80
Unpaid Dividend	110,291.50	-
Sub Total	900,946.71	868,486.80
TOTAL	5,103,283.71	4,866,722.80
NOTE NO - 9 : SHORT TERM PROVISIONS		
<u>Unsecured</u>		
Provision for Employee Benefit		
Gratuity Provision (Note No - 5)	1,035,847.00	815,679.00
Other Provisions for Employee Benefit	481,123.00	446,423.00
Provision for Expense	2,256,684.94	1,577,913.19
Current Tax Payable (Net of Adv. I. Tax / TDS receivable)	9,982,525.44	4,375,087.43
Proposed Dividend	2,507,700.00	2,507,700.00
Tax on Proposed Dividend	426,184.00	426,184.00
TOTAL	16,690,064.38	10,148,986.62
NOTE NO - 11 : NON CURRENT INVESTMENTS		
Investments at Cost :		
<u>Unquoted</u>		
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
TOTAL	6,000.00	6,000.00
NOTE NO - 12 : LONG TERM LOANS & ADVANCES		
(Unsecured, Considered good)		
Security Deposits	2,959,239.00	2,302,279.00
Other Advances	2,003,114.50	2,003,114.50
TOTAL	4,962,353.50	4,305,393.50
NOTE NO - 13 : INVENTORIES		
(Valued at Lower of Cost or Net Realisable Value)		
Raw Material	61,555,606.32	53,076,693.00
Packing Material	103,540.00	103,540.00
Work In Progress	13,239,019.00	15,989,711.00
Finished Goods	16,409,797.00	16,444,128.57
Traded Stock	8,080,531.69	4,638,582.04
TOTAL	99,388,494.01	90,252,654.61



PANCHSHEEL ORGANICS LIMITED

NOTES TO BALANCE SHEET AS AT 31.03.2014

(Amount in Rs.)

Particulars	As at March 31, 2014	As at March 31, 2013
NOTE NO - 14: TRADE DEBTORS (Unsecured, Considered good) Outstanding for a period exceeding Six months from the date they are due for payment	27,867,636.30	29,798,307.22
Others	111,349,750.55	90,320,769.42
Considered doubtful, not provided for	-	-
TOTAL	139,217,386.85	120,119,076.64
NOTE NO - 15 : CASH & BANK BALANCES Cash & Cash equivalents Balance with Banks - In Current account / (Over Drawn Bank Account)	1,420,890.08	1,237,683.44
Cash In Hand	562,604.59	426,068.99
	1,983,494.67	1,663,752.43
Other Bank Balances - In Fixed deposit account \$	25,000.00	25,000.00
- Margin Money Deposit \$	4,491,005.65	2,347,602.84
(\$ with original Maturity of more than 12 months of Rs.4491005.65 (P.Y. :Rs. 2372602.84)	4,516,005.65	2,372,602.84
TOTAL	6,499,500.32	4,036,355.27
NOTE NO - 16 : SHORT TERM LOANS & ADVANCES (Unsecured, Considered good, recoverable in cash or in kind) Loans & Advances to Employees	4,663,887.00	4,771,299.00
Balance with Government Authority	3,955,597.38	3,575,286.38
Other Advances	16,325,365.58	16,350,365.58
TOTAL	24,944,849.96	24,696,950.96
NOTE NO -17 : OTHER CURRENT ASSETS Pre-paid expenses	-	158,461.00
TOTAL	-	158,461.00



PANCHSHEEL ORGANICS LIMITED

Notes to Statement of Profit & Loss for the year ended on 31.03.2014

Particulars		2013-14	2012-13	
NOTE NO - 18 REVENUE FROM OPERATIONS				
A) Manufacturing Sales				
Export		3,128,049.33	1,756,520.00	
Domestic		297,579,386.00	261,616,020.00	
		300,707,435.33	263,372,540.00	
B) Trading Sales				
Export		9,982,918.00	7,096,503.00	
Domestic		90,492,444.00	74,219,276.00	
		100,475,362.00	81,315,779.00	
	Total Sales - (A+B)	401,182,797.33	344,688,319.00	
Less : Excise Duty		9,511,068.00	10,725,058.00	
	Net Sales	391,671,729.33	333,963,261.00	
Other Operating Income		90,297.50	55,392.00	
	TOTAL	391,762,026.83	334,018,653.00	
Sale of Products - Broad head wise				
Particulars		2013-14	2012-13	
Finished Goods				
Bulk Drug Intermediate		300,707,435.33	263,372,540.00	
Traded Goods				
Bulk Drug Intermediate		33,227,675.00	24,741,527.00	
Formulations		10,860,035.00	8,360,482.00	
D.E.P.B. Licence		55,877,460.00	47,143,962.00	
Wind Mill		510,192.00	1,069,808.00	
	Total	401,182,797.33	344,688,319.00	
NOTE NO - 19 : OTHER INCOME				
Interest Received		520,935.81	249,077.55	
Commission Received		123,510.00	0.00	
	TOTAL	644,445.81	249,077.55	
NOTE NO - 20 : COST OF RAW MATERIAL CONSUMED				
Opening Stock of Intermediate Raw Material		53,076,693.00	54,107,985.00	
Add : Purchases of Intermediate Raw Material		201,649,662.05	161,048,137.64	
		254,726,355.05	215,156,122.64	
Less : Closing Stock of Intermediate Raw Material		61,649,431.32	53,076,693.00	
	TOTAL	193,076,923.73	162,079,429.64	
Cost of Raw Materials Consumed				
Particulars	2013-2014		2012-2013	
	Rs.	% of Consumption	Rs.	% of Consumption
Imported	70,130,033.51	36.32%	60,310,344.45	37.21%
Indigeneous	122,946,890.22	63.68%	101,769,085.19	62.79%
Total	193,076,923.73	100.00%	162,079,429.64	100.00%



PANCHSHEEL ORGANICS LIMITED

Notes to Statement of Profit & Loss for the year ended on 31.03.2014

Particulars	2013-14	2012-13
NOTE NO - 21 : COST OF TRADED GOODS		
Opening Stock	4,638,582.04	4,255,385.24
Add : Purchases	99,225,356.00	77,931,165.75
	103,863,938.04	82,186,550.99
Less : Closing Stock	8,080,531.69	4,638,582.04
TOTAL	95,783,406.35	77,547,968.95
Details of Traded Goods :		
Particulars	2013-14	2012-13
Purchases		
Bulk Drug Intermediate Formulations	33,033,205.00	22,623,638.75
D.E.P.B. Licence	10,810,867.00	8,588,232.00
	55,381,284.00	46,719,295.00
	99,225,356.00	77,931,165.75
Closing Stock		
Bulk Drug Intermediate Formulations	5,556,305.00	1,415,862.00
	2,524,226.69	3,222,720.04
	8,080,531.69	4,638,582.04
NOTE NO - 22 : (INCREASE) / DECREASE IN INVENTORIES		
INVENTORY AT THE YEAR END		
Finished Goods of Bulk Drug Intermediates	16,409,797.00	16,444,128.57
Work In Process of Bulk Drug Intermediates	13,239,019.00	15,989,711.00
	29,648,816.00	32,433,839.57
LESS : INVENTORY AT BEGINING		
Finished Goods of Bulk Drug Intermediates	16,444,128.57	14,510,641.97
Work In Process of Bulk Drug Intermediates	15,989,711.00	10,487,200.00
	32,433,839.57	24,997,841.97
TOTAL	2,785,023.57	(7,435,997.60)
NOTE NO - 23 : EMPLOYEES COST		
Salary, Wages & Bonus	15,997,407.00	15,506,779.00
Contribution To E.S.I.C	125,754.00	88,831.00
Contribution To Provident Fund	282,050.00	234,443.00
Gratuity expenses	2,201,679.00	1,126,726.00
Staff Welfare	777,538.00	712,648.00
TOTAL	19,384,428.00	17,669,427.00
NOTE NO - 24 : FINANCE COST		
Bank Charges	589,331.27	185,999.89
Interest to Bank	5,225,468.05	3,842,684.70
Interest on Term Loan	837,067.00	1,592,551.00
Interest to Others	638,102.00	786,854.84
TOTAL	7,289,968.32	6,408,090.43



PANCHSHEEL ORGANICS LIMITED

Notes to Statement of Profit & Loss for the year ended on 31.03.2014

Particulars	2013-14	2012-13
NOTE NO - 25 : OTHER EXPENSES		
OPERATING EXPENSES		
Consumables	678,952.00	748,279.00
Entry Tax	2,070,553.00	1,476,840.00
Freight Inwards	2,224,515.00	2,006,090.00
Packing Materials used	1,789,700.00	2,382,517.00
Power & Fuel	7,473,166.30	11,439,826.00
Processing Charges	5,022,450.00	8,273,189.00
Quality Control Expense	172,201.00	634,332.00
Other Operating Expenses	2,165,150.14	1,741,573.24
TOTAL - A	21,596,687.44	28,702,646.24
ADMINISTRATIVE, SELLING & OTHER EXPENDITURE		
Advertisement	271,689.00	354,181.08
Auditor's Remuneration	85,000.00	75,000.00
Outward Cartage, Hamali & Crain Charges	565,248.92	546,392.60
Building repairing expense	302,343.00	318,439.00
Commission & Brokerage	1,073,975.00	1,053,162.00
Consultancy Fees	705,140.00	435,128.00
Conveyance	1,030,972.00	985,703.00
Courier Charges	594,726.06	543,339.62
Discount, Kasar & Bad Debts	2,185,292.78	2,281,635.25
Export Clearing Charges	444,020.43	397,446.00
Fees & Subscription	547,132.00	610,946.00
Foreign Exchange Fluctuation Charges	221,297.20	812,861.58
Freight Outward	357,955.52	317,461.00
Miscellaneous Expenses	869,283.00	834,954.00
Printing & Stationary	382,364.10	352,673.00
Rent	558,000.00	547,000.00
Legal expenses	58,023.00	826,700.00
Telephone Expenses & Charges	392,394.80	393,282.00
Travelling Expenses	890,174.47	771,117.00
Warehousing Charges	346,593.00	484,285.00
Other Administrative Expenses	2,727,472.32	2,789,622.18
VAT / CST	42,754.30	5,639,079.25
TOTAL - B	14,651,850.90	21,370,407.56
TOTAL - A+ B	36,248,538.34	50,073,053.80



SCHEDULE 'B'

PANCHSHEEL ORGANICS LTD.

DEPRECIATION CHART AS PER INCOME TAX FOR THE A.Y. 2014-15

PARTICULARS	Rate of Dep.	W.D.V. AS ON 01.04.2013	ADDITIONS		Sale during the Year	TOTAL AS ON 31.03.2014	Depre- ciation for the Year	W.D.V. AS ON 31.03.2014
			Before Sep.	After Sep.				
Land (Lease Hold)		53,529.00	0	0	0	53,529	0	53,529
01. Building	10.00%	4905078.80	2525782	1108958	0	8539819	798534	7741285
02. Plant & Machinery	15.00%	14417057.77	2940767	2631936	0	20189761	3687416	16502345
03. Plant & Machinery (Unit II)	15.00%	736195.20	0	0	0	736195	110429	625766
05. Furniture & Fixtures	10.00%	658024.80	343145	707111	0	1706280	135472	1572808
06. Lab. & Testing Equipment	15.00%	3230331.73	204208	346316	0	3780855	541155	3239700
07. Office Equipments	15.00%	228027.05	0	31000	0	260027	36679	223348
08. Electrical Installation	15.00%	1083357.58	348946	550050	0	1983253	256234	1727019
09. Vehicles	15.00%	2509370.50	0	0	0	2509371	376406	2132965
10. Computer	60.00%	42903.80	50185	49200	0	142299	70819	71880
11. Wind Mills	80.00%	384.00	0	0	0	384	307	77
12. Plant & Machinery (UNIDO)	0.00%	7088900.00	0	0	0	7088900	0	7088900
13. Plant Under Construction	0.00%	1460821.00	0	0	0	1460821	0	1460821
14. Pollution Control Equipment	100.00%	0.00	0	0	0	0	0	0
15. Leased Land - Pithampur	0.00%	2693787.00	0	0	0	2693787	0	2693787
TOTAL Rs.		39108767.83	6413042	5624570	0	51147280	6013252	45134028



PANCHSHEEL ORGANICS LIMITED

NOTE NO -10 : FIXED ASSETS

PARTICULARS OF FIXED ASSETS FOR THE YEAR ENDED 31.03.2014

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31.03.2013	Additions	Sale / Transfer	As at 31.03.2014	As at 31.03.2013	During the year	Deduction	As at 31.03.2014	As at 31.03.2013
TANGIBLE ASSETS :									
Lease Hold Land	53,529.00	-	-	53,529.00	-	-	-	53,529.00	53,529.00
Freehold Land	4,566,307.00	0.00	0.00	4,566,307.00	837,000.85	103,268.21	-	940,269.06	3,729,308.15
Factory Building	12,100,782.00	3,634,760.49	0.00	15,735,542.49	3,809,529.33	1,055,814.03		4,865,343.36	10,870,199.13
Plant & Machinery	90,374,835.16	6,704,437.76	0.00	97,079,272.92	35,778,538.30	7,678,141.59		43,456,679.89	54,596,296.86
Equipments	10,972,207.16	550,523.40	0.00	11,522,730.56	4,741,903.09	910,473.19		5,652,376.28	6,230,304.07
Furniture & Fixtures	2,097,976.00	1,050,255.63	0.00	3,148,231.63	1,200,279.15	235,461.18		1,435,740.33	897,698.85
Vehicles	5,795,214.00	0.00	0.00	5,795,214.00	2,798,456.95	773,734.76		3,572,191.70	2,996,757.05
Office Equipments	456,870.00	31,000.00	0.00	487,870.00	170,274.33	40,453.26		210,727.59	286,595.67
Computer	753,578.00	99,394.55	0.00	852,972.55	614,191.92	75,731.19		889,923.11	139,386.08
TOTAL - A	127,171,298.32	12,070,371.82	-	139,241,670.14	49,950,173.92	10,873,077.41	-	60,823,251.33	77,221,124.40
INTANGIBLE ASSETS									
TOTAL - B	-	-	-	-	-	-	-	-	-
TOTAL - A+B	127,171,298.32	12,070,371.82	-	139,241,670.14	49,950,173.92	10,873,077.41	-	60,823,251.33	77,221,124.40
PREVIOUS YEAR	113,163,124.08	14,008,174.24	-	127,171,298.32	37,583,408.00	12,366,766.38	-	49,950,173.92	77,221,124.40

NOTE NO - 1 : Some of the Vehicles are in name of Director of the company.



NOTE NO- 26

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES AND INFORMATION FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

I : Significant Accounting Policies :

A. Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year.

B. Use of Estimates

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

C 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.

D Depreciation

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



E Investments

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

F 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.

G 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.

H Foreign Exchange Transaction

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".

I 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.



J 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.

K 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.

L 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.

M 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.



N 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.

O 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.

P Expenditure on Regulatory Approvals

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

Q 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.

R 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.

S 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.

T 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.

U 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 31.03.2014.
- C. Segment Reporting :
The Company operates in one reportable segments i.e. Manufacturing and Trading of Bulk Drug Intermediate.
- D. The Investment made by the company is held in its own name.
- E. On 10.06.2011, there was a fire incident at Company's factory unit situated at Sanwer Road, Indore, Madhya Pradesh. A part of the inventory of Raw Material, Finished Goods, Stock in process, Plant & Machinery, accessories, Building, furniture and other office equipments was damaged. The Company has already lodged insurance claim with the insurance Company after providing salvage value for above damage. Company is confident to receive the full claim and hence the company has not provided any losses on account of fire at this stage and suitable treatment will be given after the settlement of claim with the insurance company.
- F. Company has not reduced Depreciation cost of Rs. 645906.83 related to Plant & Machinery received from UNIDO. The said amount is to be charged to Capital Reserve under the head "Reserves & Surplus". As a result, the profit before tax of the company has been reduced by Rs. 645906.83 and accordingly, Capital Reserve has been increased by to that extent.
- G. 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.
- H. Debit and credit balances are subject to reconciliation and confirmation.
- I. The expenses of Salary and wages debited in Statement of Profit & Loss includes the amount of Director Remuneration of Rs. 78,00,000/- (P.Y. Rs.73,20,000/-).



J. 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	GRATUITY FUND
	31.03.14	31.03.13
Expenditure recognized in the statement of Profit & Loss for the year ended March 31, 2014	Rs.	Rs.
Current Service Cost	5,81,906	4,45,184
Interest Cost	6,52,544	5,66,897
Employer Contribution	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Net Actuarial (Gains) / Loss	9,67,229	1,14,645
Interest On Fund	Nil	Nil
Settlement Cost	Nil	Nil
Total Expenses	22,01,679	11,26,726
Change in Obligation during the Year ended March 31, 2013		
Present value of Defined Benefit Obligation at beginning of the year	81,56,794	70,86,218
Current Service Cost	5,81,906	4,45,184
Interest Cost	6,52,544	5,66,897
Settlement Cost	Nil	Nil
Past Service Cost	Nil	Nil
Employer Contribution	Nil	Nil
Actuarial (Gain) / Loss	9,67,229	1,14,645
Benefit Payment	-	56,150
Present Value of Defined Benefit Obligation at the end of the year.	1,03,58,473	81,56,794
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.
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.

K	Earnings Per Share	Rs.	Rs.
	As per Accounting Standard 20 of ICAI, New Delhi, Basic and Diluted of Earning per Share are as under		
	Particulars	31.03.2014	31.03.2013
i.	Basic Earnings per Share		
	(1) Net Profit after Tax	1,75,88,877.24	1,26,64,193.48
	(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	3.51	2.53
ii.	Diluted Earnings Per Share		
	(1) Net Profit after Tax duly adjusted	1,75,88,877.24	1,26,64,193.48



	(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
	Weightage Average Number of Equity Shares	50,15,400	50,15,400
	Diluted Earning Per Share	3.51	2.53
iii.	Face Value of Equity shares (Rs.)	10	10

	Particulars	2013-14	2012-13
L	Value of Imports of Raw Material on CIF basis	5,52,63,518	4,83,33,299
M	Earning in foreign currency as per Certificate submitted by Management FOB value of Export Sale	11,140,760	71,75,949
N	Expenditure in foreign currency:		
	Capital Expenditure	28,08,429	32,12,562
	Consultation Fees	Nil	1,62,349
	Total	28,08,429	33,74,911
O	Contingent Liabilities & Commitments:		
A	Estimated amount of contracts (Net of advances) remaining to be executed on capital account not Provided for	Nil	Nil
B	(I) Letter of Credit Outstanding	52,29,136	9,17,416
	(II) Foreign Bills / Buyers Credit	56,89,291	54,64,117
	(III) Document at site	4,15,915	Nil
	(IV) Margin money given against above	40,00,000	20,00,000
C	Bank Guarantee given by Company's Banker on behalf of the company	Nil	Nil



D	Demand of Sales Tax Authorities (Net of advances) not acknowledged by the Company and contested/appealed	3835063.00	18,53,363
E	Demand of Income Tax Authorities (Net of advances) not acknowledged by the Company and contested/appealed	1,403,075.00	750,486
F	Demand of Central Excise Authorities (Net of advances) not acknowledged by the Company and contested/appealed	471,369.00	471,369
P	Auditors Remuneration		
	Statutory Audit	60,000	50,000
	Tax Audit	25,000	25,000

Q Related Party Disclosures under Accounting Standard 18:

Sr. No.	Name	Relationship	Transaction	Amount(Rs.)	Amount(Rs.)
			Closing Balance	31.03.2014	31.03.2014
1	Turakhia Brothers	Associate Concern	Sales	17107.00	3,10,101.00
			Purchase	1,20,93,747.00	1,04,97,160.00
			Rent	1,74,000.00	1,74,000.00
			Closing Balance	Nil	Nil
2	Invochem Laboratories	Associate Concern	Testing Charges	23,189.00	36,677.00
			Closing Balance	Nil	Nil
3	Synodrug & Intermediates	Associate Concern	Sales	31,32,041.00	41,12,547.00
			Purchase	19,42,014.00	90,664.00
			Processing Charges	3,64,639.00	5,71,938.00
			Closing Balance	Nil	Nil
4	Suneeta Chemicals	Associate Concern	Processing Charges	30,00,180.00	63,33,305.00
			Closing Balance	3169992.00 (Cr.)	3791639.00 (Cr.)
5	Gene Biotech P Ltd	Associate Concern	Sales	3,55,006.00	93,288.00
			Purchase	90,80,566.00	48,01,863.02
			Closing Balance	Nil	Nil
6	Gene Biotech P Ltd – HP	Associate Concern	Sales	27,61,811.00	22,01,282.00
			Purchase	1,04,58,896.00	1,06,66,814.00



			Closing Balance	Nil	Nil
7	Arti K Turakhia	Associate Concern	Rent	1,74,000.00	1,74,000.00
			Closing Balance	Nil	Nil
8	Paramount Organics	Associate Concern	Processing Charges	15,15,466.00	10,70,500.00
			Closing Balance	800624.00 (Cr.)	509090.00 (Cr.)
9	Mahendra Turakhia A	Key Managerial Personnel	Directors remuneration	26,80,000.00	25,20,000.00
			Closing Balance	175345.00(Cr.)	67980.00(Cr.)
10	Kishore A Turakhia	Key Managerial Personnel	Directors remuneration	25,60,000.00	24,00,000.00
			Closing Balance	142705.00(Cr.)	152226.00(Cr.)
11	Rajesh A Turakhia	Key Managerial Personnel	Directors remuneration	25,60,000.00	24,00,000.00
			Closing Balance	142705.00(Cr.)	152226.00(Cr.)

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

Company has no Subsidiary or Joint Venture Concern.

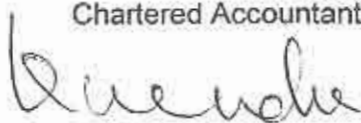
The Company has identified all the related parties transactions during the Year, as per details given above.

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

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

As per our report of even date

For V Shah & Associates,
Chartered Accountants



(V R SHAH)
Proprietor

Place : Indore

Date : 30th May, 2014



For and on behalf of the Board

MAHENDRA TURAKHIA
Chairman & Managing Director



KISHORE TURAKHIA
Director

RAJESH TURAKHIA
Director

PANCHSHEEL ORGANICS LIMITED

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

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL

I/We hereby record my/our presence at the Annual General Meeting of the Company to be held on Saturday, the 30th day of Sep, 2014 at 11.30 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015

Name and Address of the Shareholder (s)

If Shareholder (s), Please sign here

If Proxy, please mention name and sign here

Signature _____

Name & Signature _____

PANCHSHEEL ORGANICS LIMITED

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

PROXY FORM

DP ID No. * _____
No. _____

L. F.

Client ID No.* _____
held _____

No. of shares

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 Tuesday, the 30th day of Sep, 2014 at 11.30 A.M. at B-6 & B-7, Sector – C, Industrial Area, Sanwer Road, Indore, Madhya Pradesh 452015, and any adjournment thereof.

Dated this _____ day of _____ 2014

Signature _____



Notes :

1. If you intend to appoint a proxy to attend the Meeting instead of yourself, the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. A proxy need not be a Member

* Applicable for Investors holding shares in electronic form.