

**TWENTY FOURTH  
ANNUAL REPORT  
2011 - 2012**



**Pacetrnix**

**Shree Pacetrnix Ltd.**

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*Technology Serving Humanity*

*An ISO-9001 Company*

<b>CHAIRMAN &amp; MANAGING DIRECTOR</b>	:	Shri Atul Kumar Sethi
<b>WHOLE TIME DIRECTOR</b>	:	Smt. Amita Sethi, Shri Vikas Gokhale
<b>NON EXECUTIVE INDEPENDENT DIRECTORS</b>	;	Shri Sushil Patni Shri Anil Rathi Shri Praveen K. Badjatya
<b>BANKER</b>	:	BANK OF INDIA Santha Bazar, INDORE
<b>AUDITORS</b>	:	M/s S. R. Naredi & Co. Chartered Accountants 204 Manas Bhawan Extn. 11, R. N. T. Marg. INDORE - 452001
<b>REGISTERED OFFICE &amp; WORKS</b>	:	Plot No. 15, Sector II, Industrial Area Pithampur, Dist. Dhar (M.P.) 454775 Phone: 07292-411105, Fax: 07292-400418 Email:info@pacetronix.com
<b>SHARE TRANSFER AGENT</b>	:	Ankit Consultancy Private Limited 60, Electronics Complex, Pardeshipura, Indore (M.P.) -452001 Phone : 0731-3198601 / 602 E Mail ID : mail@ankitonline.com

**N O T I C E**

**NOTICE** is hereby given that 24<sup>th</sup> Annual General Meeting of the Members of **SHREE PACETRONIX LIMITED** will be held on Saturday, 29<sup>th</sup> September, 2012 at 10:30 a.m at the registered office of the company to transact the following business: -

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Amita Sethi retires by rotation and being eligible offers her for re-appointment.
3. To appoint a Director in place of Mr. Sushil Patni, who retires by rotation and being eligible, offers him for re-appointment.
4. To consider re-appointment of the Auditors and fixing up of their remuneration.

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of section 257 of the Companies Act, 1956, and all other applicable provisions, if any, Mr. Vikas Gokhale, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 be and is here by appointed as a director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution, as special Resolution  
“**RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of members of the Company be and is hereby accorded to appoint Mr. Vikas Gokhale as Whole time Director of the Company for a period of three years commencing from the 30<sup>th</sup> January, 2012 on the Remuneration of ₹ 70,000 /- PM with an annual increment @ 10% inclusive of perquisites within the prescribed limits as the Companies Act, 1956.

*By order of the Board of Directors of  
Shree Pacetronix Limited*

**PLACE:** Indore  
**DATE:** 31.08.2012

**Atul Kumar Sethi**  
Chairman & Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately.
  - b. Quote their ledger folio number in all their correspondence.
  - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
  - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
  - e. Send their Email address to us for prompt communication and update the same with their D.P to receive softcopy of the Annual Report of the company.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 28/09/2012 to 29/09/2012 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
5. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately at the AGM.
6. Members are requested to notify immediately any change in their address and E – Mail ID to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at M/s Ankit Consultancy Pvt. Ltd.60, Electronics Complex Pardeshipura, Indore (M.P) 452001.
7. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.
8. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting

**DETAILS OF DIRECTOR SEEKING APPOINTMENT/REAPPOINTMENT IN THE  
ENSUING ANNUAL GENERAL MEETING**

<b>Name of Directors</b>	<b>Amita Sethi</b>	<b>Sushil Patni</b>
Date of Birth	01.06.1966	20-10-1952
Date of Appointment	11.01.1988	30-04-2002
Expertise/ Experience in Specific functional areas	Having 14 years experience in Management of Industrial Undertaking	Having 10 years experience in Management of Industrial Undertaking
Qualification	MA	B. Com
No. of Equity Shares held	95580	NIL
List of outside Company directorship held	1. Shree Coratomic Limited	1. Shree Coratomic Ltd. 2. Angel Trade links Ltd.
Directorship held in other Public Companies (excluding foreign companies and section 25 Companies)	NIL	NIL
Chairman / Member of the Committees of the Board of Directors of the Company	NIL	Chairman: 1. Audit Committee 2. Remuneration Committee Member: 1. Shareholders'/Investors' Grievance Committee

## DIRECTORS' REPORT

To

The Members of

**Shree Pacetronix Ltd**

The Directors submit the Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2012.

### FINANCIAL RESULTS

Particulars	( ₹ in Lacs)	
	2011-12	2010-11
Revenue from operations	676.44	555.44
Other Income	9.32	5.28
Operating Expenditure	591.65	522.95
Interest & Depreciation	92.61	82.30
Profit before Extra Ordinary Items	1.50	-44.53
Add- Provision Written back	Nil	12.43
<b>Profit before Tax</b>	<b>1.50</b>	<b>-32.10</b>
Less-Provision for Tax	1.06	9.47
<b>Profit After Tax</b>	<b>0.44</b>	<b>-22.63</b>

#### DIVIDEND:

During the year under review your Directors do not recommend any dividends for the financial year due to inadequate profit

#### COMPANY'S PERFORMANCE & FUTURE OUTLOOK

In the financial year 2011-12, the company continued its strong growth momentum across major markets; the company recorded a total turnover of ₹ **676.44 Lacs** in current year against a previous turnover of ₹ **555.44 Lacs.**, due to increase in sales in the current year the Profit after tax of the company turned into positive which is the growth sign of the company.

The broad health care division has been witnessing a rapid growth and technological improvements varying from sector to sector since the past 3-5 years. The evolution of cardiac devices has opened new vistas in the health care industry. Growth rate exhibited by the cardiac devices industry, even during the recession years, confirms the positive growth prospects going ahead. Global Cardiac Pacemakers market forecasts to reach at US\$5.1 billion by 2015 at a CAGR of 11% during the analysis period 2009-2015. On a global scale, projections for External Pacemakers market value indicate 40% by 2015 leaving the rest of the market to the implantable pacemakers.

Your directors are pleased to inform that the economic condition of your Company is improving and we are able to create value with continuous increase in profitability and operating margins year after year. Ambitious expansion plans are under way which will enable your company to continue its journey on the growth path.

#### DIRECTORATE

In term of the provision of the Company Act, 1956 Smt. Amita Sethi and Shri Sushil Patni would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment, hence approval of the members is being sought for the re-appointment, and Shri Vikas Gokhale has been appointed as the additional Director on 30<sup>th</sup> January, 2012 and is further appointed as the Whole Time Director of the company subject to approval of members in the ensuing General Meeting. There is no other change in the composition of Board of Directors of the Company.

#### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representation received from the operating management, the Directors hereby confirm that:

- (a) The financial statements are in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- (b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the year under review.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March 2012 on going concern basis.

**AUDITORS**

M/s S. R. Naredi & Co. Chartered Accountants, Indore Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224 (1B) of the Companies Act, 1956. The observations of the Auditors made in their Auditors' Report are suitably explained in the Notes to the Accounts.

**ENERGY CONSERVATION AND OTHER REPORTING U/S 217(1) (e)**

The details of Energy Conservation in terms of section 217 (1) (e) of the Companies Act, 1956, are enclosed forming part of this report as Annexure – 1.

**PUBLIC DEPOSITS**

During the year, the Company has not accepted any public deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

**COMPLIANCE CERTIFICATE**

The Company has received the Compliance Certificate form the Practicing Company Secretary which is forming part of the report of the Board of Directors as Annexure - 2

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis report covering the matters listed in Clause 49 of the Listing Agreement for the Year under review is given as separate statement in the Annual Report as Annexure- 3.

**CORPORATE GOVERNANCE**

A report on corporate governance is enclosed containing details as required by the listing agreement which is forming part of the report of the Board of Directors as Annexure - 4.

**SUBSIDIARY COMPANY**

At the end of the financial year under review, your Company had the one subsidiary company namely Shree Coratomic Limited. The Ministry of Corporate Affairs, Government of India has issued a Circular No.2 / 2011 dated 8th February 2011 granting general exemption to Companies under section 212 (8) from attaching the documents referred to in section 212 (1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company have accordingly accorded approval to the Company dispensing with the requirement of attaching to its Annual Report the annual audited accounts of the Company's subsidiaries. Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company, its subsidiaries and associate. The Annual Accounts of these subsidiary companies and the related detailed information will be made available to the shareholder seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its registered / corporate office and that of the concerned subsidiary companies. The statement pursuant to the approval under section 212 (8) of the Companies Act, 1956 is annexed together with the Annual Accounts of the Company.

**CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company prepared as per the Accounting Standard AS21 and Accounting AS23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

**HUMAN RESOURCES**

The relations with the employees continued to be cordial and satisfactory throughout the year. Your Directors wish to place on record their deep sense of appreciation for the devoted services of all employees of the Company for their sustained efforts in improving the operational efficiencies.

**PARTICULARS OF EMPLOYEES**

None of the employees, of the Company is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereto from time to time.

**ACKNOWLEDGEMENTS**

Your directors place on record their sincere appreciation for the co-operation extended to the company by the lending institution and banks and for the devoted performance by company's entire staff & associates.

For and on behalf of the Board of Directors of  
**SHREE PACETRONIX LIMITED**

Place: Indore  
Date: 31<sup>st</sup> August, 2012

**ATUL KUMAR SETHI**  
Chairman & Managing Director

## Annexure - 1

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2012.

**ANNEXURE TO THE DIRECTORS' REPORT**

(As required under section 217 (1) (e) of the Companies Act, 1956)

**I. CONSERVATION OF ENERGY**

The Company continued its efforts to conserve energy by installing various equipments and utilities. Regular inspection of such equipments has been carried out. The above measures have resulted in controlling of energy consumption.

**FORM - A**

Form for disclosure of particulars with respect to conservation of energy.

**A. POWER & FUEL CONSUMPTION**

	2011-12	2010-11
<b>1 Electricity</b>		
(a) Purchased Units (Nos.)	129350	115435
Total Amount (Rs.)	₹ 784437	₹ 557708
Rate/Unit (Rs.)	₹ 6.06	₹ 4.83
(b) Own Generation		
(i) Through diesel Generator	NIL	NIL
Units (Nos.)	NIL	NIL
Units/litre of diesel oil (Nos.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
(II) Through steam		
Turbine/generator	NIL	NIL
<b>2 Coal</b>	NIL	NIL
<b>3 Furnace Oil</b>	NIL	NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

	2011-12	2010-11
Production of Pacemakers (Nos.)	2424	1949
Electricity (Units)	₹ 53.36	₹ 59.23
Furnace Oil	NIL	NIL
Coal	NIL	NIL

**II. TECHNOLOGY ABSORPTION****FORM - B**

Form for disclosure of particulars with respect to absorption.

**RESEARCH AND DEVELOPMENT (R & D)**

1 Specific areas in which R & D carried out by the Company.	The Company is developing various components in-house.
2 Benefits derived as a result of the above R & D	Reducing dependence on the import and improvement in the quality.
3 Future plan of action.	To continue R & D for new products & indigenization.
4 Expenditure on R & D.	Charged to respective head of accounts.

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

The efforts have been made towards Technology absorption & adoption of Technology received from M/s. Bio-Pace Technology Inc., USA for the manufacture of Cardiac Pacemakers.

Benefits derived as a result of above efforts i. e. product improvement, cost reduction, product development, and import substitution etc. in the manufacturing of Cardiac pacemaker

In case of Imported Technology (Imported during last 18 years reckoned from beginning of the financial year) following information be furnished:

(a) Technology imported	IN FULL
(b) Year of import	1992-93
(c) Has Technology been fully absorbed ?	Yes
(d) If not fully absorbed areas where this has not taken place, reasons thereof & future plan of action.	N.A.

**III. FOREIGN EXCHANGE EARNINGS AND OUT GO**

(₹ in Lacs)

	2011-12	2010-11
<b>1 Foreign Exchange earned</b>		
- FOB Value of Exports	101.67	49.73
- Job Work	0.00	0.00
<b>2 Foreign Exchange used : CIF Value of import of</b>		
- Raw Materials	160.15	127.01
- Capital Goods	0.00	5.97
- Traded Goods	0.00	000
<b>3 Foreign Travels</b>		
- Directors & Others	14.35	7.18

## Annexure - 2

**COMPLIANCE CERTIFICATE**  
**[Rule 3 of Companies (Compliance Certificate) Rules, 2001]**

CIN: L33112MP1988PLC004317

Authorised Capital: ₹ 5,00,00,000/-

Paid-up Capital: ₹ 3,59,94,000/-

To,  
The Members,  
**SHREE PACETRONIX LIMITED**  
PITHAMPUR

I have examined the registers, records, books and papers of **SHREE PACETRONIX LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2012 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its directors and officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Limited Company, comments is not required.
4. The Board of Directors duly met 5 times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company being a listed company closed its Register of Members on 29th September, 2011 to 30th September, 2011 under Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2011 was held on 30<sup>th</sup> September 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not held any Extra-ordinary General Meeting during the financial year under review.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts in contravention of the provisions of section 297 of the Act.
10. The Company has complied with the provisions relating to register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has issued duplicate certificates during the financial year by the registrar and transfer agent of the Company time to time in compliance with the provisions of the Companies Act, 1956 read with the listing agreement.
13. The Company has
  - i) delivered all the share certificate of securities on allotment as well as transfer of shares during the year in accordance with the provisions of the Act.
  - ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) not posted warrants to any member of the Company as no dividend declared during the financial year.
  - iv) was not required to transfer any amount to the Investor Education & Protection Fund as there was no amount due for transfer to the above said account relating to unpaid dividend, application money due for refund, matured deposits, matured debentures and interest accrued thereon as remain unpaid or unclaimed for a period of Seven years.
  - v) duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. There was appointment of Shri Vikas Gokhale as Additional director of the Company on Board Meeting held on 30.01.2012 and there was no other appointment of, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has appointed Shri Vikas Gokhale as a Whole-time Director for a period of 3 years during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has not been required to obtain any approval of the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Shares during the financial year.



20. The Company has not bought back any shares during the financial year.
21. The Company has no preference shares or debentures.
22. The Company has not declared dividend nor has issued any rights shares and bonus shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has borrowed the loan in Compliance of the Section 293(1) (d) of the Act.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

Signature :  
Name of the Company Secretary : **ASHISH GARG**  
F.C.S No. 5181, C.P. No. 4423

Place : **INDORE**  
Date : **31.08.2012**

### Annexure A

#### Registers as maintained by the Company

1. Register of Share Transfers.
2. Register of Charges under Section 143.
3. Register of Members under Section 150.
4. Registers & Returns kept at the Registered Office viz Annual Returns under Section 163.
5. Minutes Book of Board Meeting and General Meeting under Section 193.
6. Books of Accounts under Section 209
7. Register of Contracts under Section 301
8. Register of Directors, Managing Director, Manager and Secretary under Section 303
9. Register of Director's Shareholdings under Section 307
10. Register of Inter Corporate Investments.
11. Register of loans and Investments.

#### Annexure B

**Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March 2012.**

Sr. No.	Form No. / Return	Filed under section	For	Date of filing/ Date of deposit of Challan	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Form 66	Sec 383 A	For the financial year ended on 31.03.2011	18.10.2011	No	Yes
2.	Annual Return	Sec. 159	AGM held on	02.12.2011	No	Yes
3.	Form 32	Sec 303	Change in Director	01.12.2011	No	Yes
4.	Balance Sheet	Sec. 220(XBRL)	As on 31.03.2011	16.01.2012	No	Yes
5.	Form 32	Sec 303	Change in Director	24.02.2012	Yes	No
6.	Form 32	Sec 303	Change in Director	25.02.2012	Yes	No
7.	Form 25C	Sec 269(2)	Re-appointment of Whole time Director	25.02.2012	Yes	No

Signature :  
Name of the Company Secretary : **ASHISH GARG**  
F.C.S No. 5181, C.P. No. 4423

Place: **INDORE**  
Date: **31.08.2012**

## Annexure - 3

**REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS REPORT  
(forming part of Director's Report)**

- (a) **Industry Structure and Developments**  
The Company is engaged in manufacturing and marketing of different types of Pacemakers. There has been growing demand of the products manufactured by your Company.
- (b) **Opportunities and Threats/ Risk and Concerns**  
With the growing awareness about the healthcare in the country, there are vast opportunities for the products of the Company. Global economic trends, global competitors, uncertainties about the development of national healthcare system represents threats for the company.
- (c) **Segment wise or product wise performance:**  
The Company is engaged in pacemakers manufacturing only and there is no separate repeatable segments.
- (d) **Outlook**  
The same has been given in the Directors Report under the heading performance review.
- (e) **Internal Control System and their adequacy**  
The Company has proper internal control system which provides adequate safeguards and effective monitoring of the transactions.
- (f) **Human Resources**  
Various initiatives have been taken to enhance the skills, knowledge and competency of the employees. The industrial relations were harmonious throughout the year.
- (h) **Cautionary Statement**  
Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predications may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations include competition, government policies and regulations.

## Annexure - 4

**CORPORATE GOVERNANCE REPORT 2011-12  
(Forming part of the Directors' Report of Shree Pacetronix Limited)**

Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business. Effective corporate governance practices constitute the foundations on which successful commercial enterprises are built to last. These practices are categorized through principle based standards and not just through a framework enforced by regulation. It develops through adoption of ethical practices in all of its dealings with a wide group of stakeholders encompassing regulators, employees, shareholders, customers and vendors.

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the Stock Exchange with regard to Corporate Governance and also has taken certain steps to ensure transparency and accountability. Your company shall continue to follow the same with a desire for further development on continuous basis.

As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

**2. CEO CERTIFICATION/MD CERTIFICATION**

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director on the financial statements and internal controls relating to financial reporting has been obtained.

**3. BOARD OF DIRECTORS**

The Board of Directors of the company consists of eminent persons with considerable professional expertise and experience of trade, commerce, profession and industry. The present composition is one Managing Director, two directors in the whole time employment of the company and three independent professional directors. The particulars of the Board with their interest in other concern are presented before you in the following table:

Name of the Director	Interested in	Nature of interest
1. Shri A. K. Sethi	Shree Coratomic Limited	Director
2. Smt. Amita Sethi	Shree Coratomic Limited	Director
3. Shri Vikas Gokhale	NIL	NIL
4. Shri Sushil Patni	Angel Tradelinks limited Shree Coratomic Limited	Director
5. Shri Anil Rathi	Magnum Distilleries Limited	Director
6. Shri Praveen Badjatya	Nil	NIL

## Annexure - III

**4. BOARD PROCEDURE**

The Board meets at least once in a quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met five times during the year under review and the Dates on which the Said meetings were held are as follows:

**30th April 2011, 30th July 2011, 29th August 2011, 29th October 2011 and 30th January 2012.**

**5. DIRECTORS ATTENDANCE:**

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM/EGM
1. Shri A. K. Sethi	Managing Director	5	Yes
2. Smt. Amita Sethi	Whole time Director	5	Yes
3. Shri Vikas Gokhale	Whole time Director	NIL	Nil
4. Shri Sushil Patni	Independent Non-Executive	5	Yes
5. Shri Anil Rathi	Independent Non-Executive	5	Yes
6. Shri Praveen Badjatya	Independent Non-Executive	5	Yes

Shri Vikas Gokhale was appointed as Additional Director on 30.01.2012.

He was further appointed as Whole Time Director on 30.01.2012

**6. COMMITTEES OF THE BOARD****A. AUDIT COMMITTEE**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock Exchange read with Section 292 A of the Companies Act, 1956.

**Composition**

The Audit Committee comprised of three Directors, majority of who are Independent Directors. All these directors possess knowledge of corporate finance, accounts and company law. Statutory Auditors are permanent invitees of the meetings of the Committee.

The Minutes of the Audit Committee Meetings are noted by the Board of the Directors at the subsequent Board Meeting.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Shri Sushil Patni	Chairman Independent, Non – Executive	5	5
Shri Praveen Badjatya	Independent, Non –Executive.	5	5
Shri Anil Rathi	Independent, Non –Executive.	5	5

**Meetings**

During the financial year ended 31<sup>st</sup> March, 2012, Five Audit Committee Meetings were held the Dates on which the Said meetings were held are as follow:

**30 April 2011, 30 July 2011, 29 August 2011 , 29 October 2011 and 30 January 2012**

**B. REMUNERATION COMMITTEE**

Your company has formed a remuneration committee to consider and approve the remuneration payable to the directors. During the financial year, there were only three directors who are in the whole time employment of the company and drawing remuneration. The company has a policy of remuneration payable to the directors according to his performance capacity and capability which becomes the determining factor for remuneration. The proposed remuneration of Shri A. K. Sethi (Managing Director) - Managing Director is Rs 26.30 Lacs /- , Smt. Amita Sethi, Whole Time Director is Rs 6.58 Lacs /- and Shri Vikas Gokhale, Whole Time Director is Rs. 8.40 Lacs/- The committee so far comprised of the Non- Executive Director Shri Sushil Patni as Chairman and two independent directors Shri Praveen Badjatya and Shri Anil Rathi as members of the committee.

The composition of the Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
1. Shri Sushil Patni	Chairman Independent, Non–Executive	1	1
2. Shri Praveen Badjatya	Independent, Non –Executive.	1	1
3. Shri Anil Rathi	Independent, Non –Executive.	1	1

## Meeting

During the financial year ended 31<sup>st</sup> March, 2012, One Remuneration Committee Meeting was held on **January 30, 2012**.

### C. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE :

With view to review all matters connected with security transfers and transmission, redressal of shareholders/investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc. a Share Transfer and Investor Grievance Committee has been constituted.

This committee oversees the performance of the Registrar & Transfer Agents and Secretary who have been authorised to deal with all these matters, also recommends measures for overall improvement of the quality of investor services.

The Committee comprises three members, viz., Shri Atul Kumar Sethi (Chairman), Shri Sushil Patni and Shri Anil Rathi.

As of March 31, 2012, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.

### 7. COMPLIANCE OFFICER

Shri Hari Mohan Jha is the Compliance Officer in the company.

### 8. GENERAL BODY MEETINGS

The last three General Meetings were held as per detail below: Date of General Meeting Relevant Venue/location Time of meeting Financial year where held

AGM/EGM	Date	Venue	Time
AGM -2009	25 <sup>th</sup> Sept. 2009	Reg. Off of the Company at Pithampur	10.30 am
AGM -2010	30 <sup>th</sup> Sept. 2010	Reg. Off of the Company at Pithampur	10.30 am
AGM - 2011	30 <sup>th</sup> Sept. 2011	Reg. Off of the Company at Pithampur	10.30 am

No special resolutions were passed through postal ballot in the last AGMs. No special resolutions requiring postal ballot are placed before the shareholders for approval at the forthcoming AGM.

Details of Special Businesses Transacted in last three years General Meetings are as under:

AGM/EGM	Date	Special Business Transacted
AGM	30 <sup>th</sup> September 2010	■ Appointment of Praveen Kumar Badjatya U/s 257
		■ Re-appointment of Atul Kumar Sethi U/s 269 read with 198,309 and 310.
		■ Re-appointment of Amita Sethi U/s 269 read with 198,309 and 310.

### 9. NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

In terms of the provisions of the Companies Act, 1956 Smt. Amita Sethi and Shri Sushil Patni would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers themselves for re-appointment and Shri Vikas Gokhale has been appointed as the Director and further has been appointed as the Whole Time Director of the Company subject to approval of members in the ensuing Annual General Meeting, hence approval of the members is being sought for his appointment.

### 10. DISCLOSURES

- Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No. 7 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2012. The transactions with the related parties do not have potential conflict with the interests of the Company at large.
- There were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.
- Auditors Certificate on corporate governance is enclosed herewith.

### 11. MEANS OF COMMUNICATIONS

- The Board of Directors of the Company.
- Company approves and takes on record the quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within one month of the end of the respective period.
- The Quarterly/ Half yearly/ Annual Results of the Company are published in accordance with the Stock Exchange Listing Agreement in newspapers viz. "**Free Press**", (**English**) and "**Chhotha Sansar**" (**Hindi**).
- Management Discussion and Analysis forms part of this Annual Report.

### 12. SHAREHOLDERS INFORMATION

#### (a) REGISTERED OFFICE

Plot No. 15, Sector No. II,  
Industrial Area,  
Pithampur, Distt. DHAR (M.P.) 454775  
Tel : 07292-411105  
Fax : 07292-400418  
Email : info@pacetronix.com

**(b) ANNUAL GENERAL MEETING**

Date : 29<sup>th</sup> September, 2012  
 Day : Saturday  
 Time & Venue : 10:30 a.m. at the registered office of the company.

**(c) FINANCIAL CALENDAR  
(Tentative)**

Results for the quarter ending 30<sup>th</sup> June, 2012 : Last week of July, 2012  
 Results for the quarter ending 30<sup>th</sup> Sept, 2012 : Last week of Oct. 2012  
 Results for the quarter ending 31<sup>st</sup> Dec, 2012 : Last week of Jan. 2013  
 Results for the quarter ending 31<sup>st</sup> Mar, 2013 : Last week of May.2013

**(d) BOOK CLOSURE**

28-09-2012 to 29-09-2012 (Both days inclusive)

**(e) LISTING**

The equity shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai and the application has been made to the Madhya Pradesh Stock Exchange Limited for delisting. Listing fees as prescribed, has been paid to the Bombay Stock Exchange Limited for 2012-13.

**(f) STOCK CODE**

Scrip Code: BSE 527005

**(g) ISIN NO.**

Demat ISIN No. in NSDL & CDSL: INE 847D01010

**(h) REGISTRAR AND SHARE TRANSFER AGENT**

Ankit Consultancy Pvt. Ltd.  
 60, Electronics Complex,  
 Pardeshipura, Indore (M.P.) -452001

**(i) SHARE TRANSFER SYSTEM**

Share Transfers are registered and returned/Demat confirmed within 30 days from the date of receipt, if the documents are in order in all respects. The share transfer committee of the Board of Directors of the Company meets frequently to approve the transfer of shares.

**(j) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2012**

Share Holding of Nominal value of		Share holders number	%	Share amount in	
₹	₹			₹	%
UP TO	1000	4713	80.62	4616320	12.83
1001	2000	541	9.25	1067260	2.97
2001	3000	130	2.22	380110	1.06
3001	4000	70	1.2	272770	0.76
4001	5000	203	3.47	1013000	2.81
5001	10000	95	1.63	740490	2.06
10001	20000	36	0.62	551870	1.53
20001	30000	17	0.29	434060	1.21
30001	40000	5	0.09	190000	0.53
40001	50000	7	0.12	315270	0.88
50001	100000	7	0.12	523000	1.45
100000	ABOVE	22	0.38	25889850	71.93
<b>TOTAL</b>		<b>5846</b>	<b>100.00</b>	<b>35994000</b>	<b>100.00</b>

**(k) SHAREHOLDING PATTERN AS ON 31-03-2012**

Sr.No	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters	808613	22.47
2.	Private Corporate Bodies	227570	6.32
3.	Indian Public	1837022	51.03
4.	NRIs/OCBs	726195	20.18
		<b>3599400</b>	<b>100.00</b>

**(l) DEMATERIALISATION OF SHARES**

Total number of Dematted shares with NSDL : 1376103  
 Total number of Dematted shares with CDSL : 700021  
 Total number of shares Held in Physical Form : 1523276

**(m) STOCK MARKET DATA**

Table 1 gives the monthly high and low quotations as well the volume of shares traded at Bombay Stock Exchange during 2011-12.

**Table 1: Monthly highs and lows and volumes traded at the BSE, 2011-12**

Year	High(Rs.)	Low(₹)	Close(₹)
Mar 2012	35.70	38.85	30.00
Feb 2012	34.00	28.60	34.00
Jan 2012	34.50	28.55	30.15
Dec 2011	39.90	36.15	36.15
Nov 2011	40.75	37.25	38.75
Oct 2011	43.20	30.45	41.05
Sep 2011	47.15	42.50	42.50
Aug 2011	42.80	38.50	40.95
Jul 2011	47.90	36.60	45.00
Jun 2011	40.00	34.00	38.00
May 2011	41.40	30.50	38.50
Apr 2011	42.10	34.75	34.75

**(n) PLANT LOCATION**

Plot No. 15, Sector II,  
Industrial Area, Pithampur (M. P.)

**(o) ADDRESS OF CORRESPONDENCE:**

Investors correspondence should be address to:

Ankit Consultancy Pvt. Ltd.,  
60, Electronics Complex,  
Pardeshipura, Indore (M.P.) -452001

**DECLARATION****Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct**

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct applicable to all the Directors and Senior Management, for the year ended March 31, 2012.

**Atul Kumar Sethi**  
Managing Director

## MD / CEO CERTIFICATION

To,  
The Board of Directors,  
**Shree Pacetronix Ltd.**

Dear Sirs,

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31<sup>st</sup> March 2012 and that to the best of their knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further certify that, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there is
- (i) No significant change in internal control over financial reporting during the year
  - (ii) No significant change in accounting policies during the year under review and
  - (iii) No instance of any fraud in the company in which the management has any role.

Place: Indore

**Shri Atul Kumar Sethi**

Date: 31<sup>st</sup> August, 2012

**Managing Director**

## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**SHREE PACETRONIX LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **Shree Pacetronix Limited** for the year ended 31<sup>st</sup> March 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Dated: 31<sup>st</sup> August, 2012

**For: S. R. Naredi & Co**  
**Chartered Accountants**  
Firm Reg. No. 002818C  
**S. R. Naredi**  
**Proprietor**  
**M.No. 72014**

**AUDITORS' REPORT**

To  
The Members of  
Shree Pacetronix Limited

1. We have audited the attached Balance sheet of Shree Pacetronix Limited, as at 31st March 2012 and also the statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) 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.
  - (iii) 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.
  - (iv) in our Opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) on the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and,
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012; and
    - 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 flow for the year ended on that date.

**For : S.R.Naredi & Co.**  
Chartered Accountants  
Registration No. 002818C

Place: INDORE  
Date : 31st August 2012

**(CA. S. R. Naredi)**  
Proprietor  
Membership No. 72014



**ANNEXURE TO THE AUDITORS' REPORT****ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012 OF SHREE PACETRONIX LIMITED.**

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:-

- (i) In respect of its fixed assets :
  - a. The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories :
  - a. As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are found reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us there were no material discrepancies noticed on physical verification between the physical stock and the book records.
- (iii) a. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
  - b. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control systems of the Companies.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956 :
  - a. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) a. According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
  - b. According to the information and explanation given to us, no undisputed amounts payable in respect of the statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company were in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

- c. On the basis of our examination of the documents and records, and the information and explanations given to us, the dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute pending are given below:-

Sr. No.	Nature of Dues	Forum where dispute pending	Amount ( ₹ in Lacs)	Period (Assessment Year)
1	Income Tax	Tribunal	₹ 1.35	2003-04
2	Income Tax	Tribunal	₹ 1.45	2004-05

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or from debentures holders.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to information given to us, the term loans have been applied for the purpose for which they were raised
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term application.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) As the Company has not issued any debentures. Accordingly the provisions of clause (xix) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no material fraud on or by the Company has been noticed or reported during the year.

**For : S.R.Naredi & Co.**  
Chartered Accountants  
Registration No. 002818C

Place: INDORE  
Date : 31st August 2012

**(CA. S. R. Naredi)**  
Proprietor  
Membership No. 72014

## BALANCE SHEET AS AT 31ST MARCH 2012

(in ₹)

Particulars	NOTE	AS ON 31.03.2012	AS ON 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>	2.01		
Share Capital		35994000	35994000
Reserves & Surplus		15456372	15412596
<b>NON CURRENT LIABILITIES</b>	2.02		
Long-term Borrowings		5472743	7947237
Long Term Provisions		1063512	1043523
Deferred Tax Liability (Net)		276010	198720
<b>CURRENT LIABILITIES</b>	2.03		
Short Term Borrowings		22582120	23262406
Trade Payables		4553371	2548361
Short Term Liabilities		6167482	4732718
Short Term Provisions		28500	--
<b>TOTAL</b>		<b>91594111</b>	<b>91139560</b>
<b>II. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	2.04		
Fixed Assets			
Tangible Assets		28419522	25248044
Intangible Assets		4613691	4903208
Capital Work In Progress		--	10534045
Non Current Investments		8000000	8000000
Long-term Loans and Advances		1200035	1170821
<b>CURRENT ASSETS</b>	2.05		
Inventories		14739055	16995939
Trade Receivables		13842576	13237080
Cash & Cash Equivalents		5782138	5857604
Short-term Loans & Advances		14997094	5192819
<b>TOTAL</b>		<b>91594111</b>	<b>91139560</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2.01 To 2.13		

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)  
Proprietor

**Atul Kumar Sethi**  
Managing Director

Place : INDORE  
DATE : 31st August 2012

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

(in ₹)

Particulars	NOTE	AS ON 31.03.2012	AS ON 31.03.2011
<b>INCOME</b>			
I Revenue From Operations Sale of Products (Net of VAT)	2.06	67643942	55543530
II Other Income	2.07	931587	528142
<b>III TOTAL REVENUE (I + II)</b>		<b>68575529</b>	<b>56071672</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	2.08	19787993	19527746
Purchases of Stock in Trade			1335300
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.09	2439954	-1468636
Employee Benefits Expense	2.10	15549780	14720682
Finance Costs	2.11	4159742	3604859
Depreciation and Amortization Expense		5101025	4624921
Other Expenses	2.12	21387469	18179570
<b>IV TOTAL EXPENSES</b>		<b>68425963</b>	<b>60524442</b>
<b>V Profit / (-) Loss Before exceptional and Extra Ordinary Items (III - IV)</b>		<b>149566</b>	<b>-4452771</b>
VI Add: Excess Provision written back			1243054
<b>VII Profit / (-) Loss Before Tax (V - VI)</b>		<b>149566</b>	<b>-3209717</b>
VIII Tax Expenses:			
Current Tax		28500	-40220
Deferred Tax		77290	-906947
<b>IX Profit / (Loss) for the year (VII-VIII)</b>		<b>43776</b>	<b>-2262550</b>
X Earnings per Equity Share (Face Value of ₹ 10 each) Basic and Dilluted (in ₹)		0.01	-0.63
Significant Accounting Policies	1		
Notes on Financial Statements	2.01 To 2.13		

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants

(CA S. R. Naredi)  
Proprietor

Place : INDORE  
DATE : 31st August 2012

For and on behalf of Board of Directors

**Atul Kumar Sethi**  
Managing Director

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## CASH FLOW STATEMENT FOR THE YEAR 2011- 2012

(in ₹)

Particulars	AS ON 31.03.2012	AS ON 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss	1.49	-44.53
Adjusted for:		
Depreciation and Amortisation Expense	51.01	46.25
Interest Income	-5.32	-3.91
Profit on sale of assets	-0.96	0.00
Excess Provision written back	0.00	12.43
Interest	41.60	36.05
	<u>86.33</u>	<u>90.82</u>
Operating Profit before Working Capital Changes	87.82	46.29
Adjusted for :		
Trade & other Receivables	-104.39	46.20
Inventories	22.57	18.09
Trade & Other Payables	34.60	2.17
	<u>-47.22</u>	<u>66.46</u>
Cash Generated from Operations	<u>40.59</u>	<u>112.75</u>
Taxes Paid	<u>0.00</u>	<u>-8.95</u>
	<u>0.00</u>	<u>-8.95</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>40.59</u>	<u>103.80</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	109.09	0.00
Purchase of Fixed Assets	-82.62	-57.89
Interest Income	5.32	3.91
	<u>31.79</u>	<u>-53.98</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>31.79</u>	<u>-53.98</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	-24.74	-9.16
Proceeds from Short Term Borrowings (Net)	-6.80	-6.88
Interest Paid	-41.60	-36.05
	<u>-73.15</u>	<u>-52.09</u>
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<u>-73.15</u>	<u>-52.09</u>
Net Increase / Decrease (-) in Cash and Cash Equivalents	-0.76	-2.27
Opening Balance of Cash and Cash Equivalents	58.58	60.85
Closing Balance of Cash and Cash Equivalents	<u>57.82</u>	<u>58.58</u>

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(CA S. R. Naredi)**  
Proprietor

For and on behalf of the Board of Directors

**Atul Kumar Sethi**  
Managing Director

Place : INDORE  
DATE : 31st August 2012

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

**NOTE :1 : SIGNIFICANT ACCOUNTING POLICIES**

Notes on Financial Statements for the year ended 31.03.2012

**A. Basis of preparation of Financial Statements:**

The financial statements are prepared under historical cost convention as going concern and are consistent with generally accepted accounting principles and provisions of the Companies Act 1956, on an accrual basis unless otherwise stated.

**B. Use of Estimates :**

The preparation of financial statements is in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known / materialized.

**C. Fixed Assets :**

Fixed assets are stated at cost (net of VAT of which credit is allowed) less accumulated depreciation and impairment, if any. All Costs, including financing costs and direct expenses incurred to bring the assets in present location and condition till commencement of commercial production attributable to the fixed assets are capitalized. Work in Progress comprises outstanding advances paid to acquire fixed assets that are not ready for intended use at Balance Sheet date.

**D. Intangible assets :**

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment, if any. Technology Purchased has been amortized over the period of ten years. Amortization is done on straight line basis.

**E. Depreciation / Amortization :**

- (i) Depreciation on fixed assets are provided on W D V Method at the rates and in the manner as prescribed in schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- (iii) Technology Purchased has been amortized over the period of ten years. Amortization is done on straight line basis.

**F. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of net selling price or value in use. Management reviews the carrying cost of the assets at the end of each balance sheet date and is of the view that the recoverable value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

**G. Foreign Currency Transaction :**

- 1) Transactions denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.
- 2) Monetary assets and liabilities denominated in foreign currency are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date.
- 3) Non monetary foreign currency assets and liabilities measured at historical cost are translated at exchange rate prevalent at date of transaction.
- 4) Any income or expenses on account of exchange difference on translation is recognized in the statement of profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in that case they are adjusted to the carrying cost of such assets.

**H. Investments :**

Investments are classified either long term or short term based on Management's intention at the time of purchase. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investment is not made only if such a decline is temporary.

**I. Inventories :**

Inventory is measured at lower of cost or net realizable value after providing for obsolescence, if any. Accordingly, the valuation criteria for inventory valuation during the year are as follows:

- |                        |   |   |
|------------------------|---|---|
| (i) Raw Materials      | : | At cost or net realizable value whichever is lower                              |
| (ii) Finished Goods    | : | At cost or net realizable value whichever is lower                              |
| (iii) Stock in Process | : | At cost including related overheads or net realizable value whichever is lower. |
| (iv) Stock in Trade    | : | At cost or net realizable value whichever is lower.                             |

Costs comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is "First-in-First-out". Cost of work in progress and finished goods is determined on absorption costing method.

**J. Revenue Recognition / Sales :**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection on transfer of the significant risk and reward of ownership of the goods to the buyer and stated at net of discount, rebates, returns and VAT .

**K. Employee Benefits :**

- 1) Short term employees' contributions like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the Profit and loss account of that year in which the related services are rendered.
- 2) Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to statement of Profit and Loss. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of ₹ 10.64 lacs (Previous Year ₹ 10.44 Lacs) remains outstanding which is computed based on Projected Unit Credit Method and company made provision of ₹ 1.85 lacs (Previous Year ₹ 1.65 Lacs) during the year.

**L. Borrowing Cost :**

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

**M. Taxation :**

Provision for current tax has been made on the basis of taxable income for the current year and in accordance with the provisions of Income Tax Act 1961. The deferred tax resulting from timing difference between the accounting and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of timing difference are recognized and carried forward to the extent there is virtual certainty that these would be realized in future.

**N. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement that can be reliably ascertained are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, when no reliable estimate is made or when there is present or past obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

**O. Earning Per Share :**

Basic earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity share.

For and on behalf of the Board of Directors

**Atul Kumar Sethi**  
Managing Director

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## Notes On Financial Statements for the year ended 31.03.2012

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011		
<b>NOTE -2.01 - SHARE HOLDERS' FUND</b>				
<b>Share Capital</b>				
AUTHORISED				
50,00,000 Equity Shares of ₹ 10/- each (Previous Year 50,00,000 Equity shares of ₹ 10/- each)	50000000	50000000		
ISSUED, SUBSCRIBED & PAID UP				
3599400 fully paid-up Equity Shares of ₹ 10/- each (Previous year 3599400 Equity Shares of ₹ 10/- each)	35994000	35994000		
<b>TOTAL</b>	<b>35994000</b>	<b>35994000</b>		
<b>a) Reconciliation of number of shares</b>				
<b>Equity Shares</b>				
Opening Balance 3599400 Equity Shares (Previous year 3599400 Equity Shares)	35994000	35994000		
Changes during the year	--	--		
Closing balance	35994000	35994000		
<b>c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company</b>				
<b>Equity Shares</b>	<b>No. of Shares</b>	<b>% Held</b>	<b>No. of Shares</b>	<b>% Held</b>
Atul Kumar Sethi	614456	17.07%	614456	17.07%
Manmohini Kaur	430558	11.96%	430558	11.96%
Bio Pace Technology	295432	8.21%	295432	8.21%
Mathew Samul Kalarickal	317974	8.83%	317974	8.83%
<b>TOTAL</b>	<b>1658420</b>	<b>46.07%</b>	<b>1658420</b>	<b>46.07%</b>
<b>Reserves &amp; Surplus</b>				
Capital Investment Subsidy (As per last Balance Sheet )				
Securities Premium (As per last Balance Sheet )	1500000		1500000	
Profit & Loss account (As per last Balance Sheet )	4673108		4673108	
Add: Profit/(-) Loss for the year	9239488		11502038	
	43776		-2262550	
<b>TOTAL</b>	<b>15456372</b>		<b>15412596</b>	
<b>NOTE - 2.02 NON CURRENT LIABILITIES</b>				
<b>Long Term borrowings</b>				
<b>A. TERM LOAN (Secured)</b>				
Bank of India [Refer Note No. 3(iii)]	5377036		7777036	
HDFC Bank Car Loan [Refer Note No. 3(ii)]	--		96787	
HDFC Bank Vehicle Loan [Refer Note No. 3(ii)]	95707		--	
ICICI Bank Car Loan [Refer Note No. 3(i)]	--		73414	
<b>TOTAL</b>	<b>5472743</b>		<b>7947237</b>	
<b>Long Term Provisions</b>				
Provision for Gratuity	1063512		1043523	
<b>TOTAL</b>	<b>1063512</b>		<b>1043523</b>	
<b>NOTE -2.03 - CURRENT LIABILITIES</b>				
<b>Short Term borrowings</b>				
<b>A. TERM LOAN (Secured)</b>				
Bank of India	2400000		2415203	
HDFC Bank Car Loan	96787		543018	
HDFC Bank Vehicle Loan	261822		--	
ICICI Bank Car Loan	73414		102370	



## Notes On Financial Statements for the year ended 31.03.2012

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011
<b>B. WORKING CAPITAL LOAN</b>		
Bank of India - Cash Credit (Secured) [Refer Note No. 3(iv)]	19465131	18680916
ICICI Bank Ltd (Unsecured)	284966	1520899
<b>TOTAL</b>	<b>22582120</b>	<b>23262406</b>
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises	635389	257228
Others	3917982	2291133
<b>TOTAL</b>	<b>4553371</b>	<b>2548361</b>
<b>Short Term Liabilities</b>		
Other Current Liabilities	5905452	4284248
Unclaimed Dividend	262030	448470
<b>TOTAL</b>	<b>6167482</b>	<b>4732718</b>
<b>Short Term Provisions</b>		
Provision for Income Tax	28500	--
<b>TOTAL</b>	<b>28500</b>	<b>--</b>

**NOTE - 2.04 - NON CURRENT ASSETS****Non Current Investments****FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	AS ON 31.03.11	ADDITIONS	DEDUC- TIONS	AS ON 31.03.12	UP TO 31.03.11	FOR THE YEAR	WRITTEN BACK	UP TO 31.03.12	AS ON 31.03.12	AS ON 31.03.11
<b>TANGIBLE ASSETS</b>										
LEASE HOLD LAND	193350			193350					193350	193350
BUILDINGS	11541577	1943671		13485248	5781099	632507		6413606	7071642	5760478
PLANT & MACHINERIES	39039716	3826041		42865757	23344396	2533125		25877521	16988236	15695320
FURNITURE & FIXTURES	3335385	35923		3371308	2584647	140379		2725026	646282	750738
VEHICLES	6000800	1625192	1976003	5649989	3877399	733742	1696558	2914582	2735407	2123401
OFFICE EQUIPMENTS	1228906	9899		1238805	800190	60208		860398	378407	428716
COMPUTERS	2725851	302731		3028582	2429812	192572		2622384	406198	296039
TEMPORARY SHED	245392			245392	245392			245392		
<b>TOTAL (I)</b>	<b>64310977</b>	<b>7743457</b>	<b>1976003</b>	<b>70078431</b>	<b>39062933</b>	<b>4292534</b>	<b>1696558</b>	<b>41658909</b>	<b>28419522</b>	<b>25248044</b>
PREVIOUS YEAR (I)	55852900	8458077		64310977	35194606	3868327		39062933	25248044	20658294
<b>INTANGIBLE ASSETS</b>										
TECHNOLOGY PURCHASED	7565940	518974		8084914	2662732	808491		3471223	4613691	4903208
<b>TOTAL (II)</b>	<b>7565940</b>	<b>518974</b>		<b>8084914</b>	<b>2662732</b>	<b>808491</b>		<b>3471223</b>	<b>4613691</b>	<b>4903208</b>
PREVIOUS YEAR (II)	7565940			7565940	1906138	756594		2662732	4903208	5659802
<b>CAPITAL WORK IN PROGRESS</b>										10534045
<b>TOTAL (III)</b>										<b>10534045</b>
PREVIOUS YEAR (III)									10534045	13203130
<b>TOTAL (I+II+III)</b>	<b>71876917</b>	<b>8262431</b>	<b>1976003</b>	<b>78163345</b>	<b>41725665</b>	<b>5101025</b>	<b>1696558</b>	<b>45130132</b>	<b>33033213</b>	<b>40685297</b>
PREVIOUS YEAR (I+II+III)	63418840	8458077		71876917	37100744	4624921		41725665	40685297	39521226

(Long Term Investment)

**In Equity Shares of Subsidiary Company**

800000 fully paid up equity shares of ₹ 10/- each of Shree Coratomic Ltd.(Unquoted)

8000000	8000000
<b>8000000</b>	<b>8000000</b>

**Long-Term Loans & Advances**

Security Deposits

1200035	1170821
<b>1200035</b>	<b>1170821</b>

**TOTAL****NOTE - 2.05 - CURRENT ASSETS****Inventories**Raw Materials  
Stock In Process  
Finished Goods  
Traded Goods

6579676	6396606
2928919	3870000
5230460	5919033
--	810300

**TOTAL**

<b>14739055</b>	<b>16995939</b>
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## Notes On Financial Statements for the year ended 31.03.2012

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011
<b>Trade Receivables</b>		
(Unsecured and Considered Good)		
Over six months	1822388	1843778
Others	12020188	11393302
<b>TOTAL</b>	<b>13842576</b>	<b>13237080</b>
<b>Cash &amp; Cash Equivalents</b>		
Cash & Cash Equivalents		
Cash on Hand	970409	640184
Balance with Banks in current accounts	52572	--
Other Bank Balances		
Bank Of India - Dividend Account	262030	448470
Fixed Deposits with banks* (lien marked with bank against bank guarantee)	4497127	4768950
* Includes Deposit of ₹ 2527422 (Previous Year ₹ 2799245) with maturity of more than 12 months		
<b>TOTAL</b>	<b>5782138</b>	<b>5857604</b>
<b>Short Term Loans &amp; Advances</b>		
(Unsecured and Considered Good)		
a) Other loans and advances	13933129	4521900
b) Accrued interest on Fixed deposits with banks	1063965	670919
<b>TOTAL</b>	<b>14997094</b>	<b>5192819</b>
<b>NOTE - 2.06 - SALES OF PRODUCTS</b>		
Sales	67643942	55543530
Add: VAT on Sales	2589443	2264211
	70233385	57807741
Less: VAT / Sales Tax Paid	2466064	1997821
VAT on Purchase	123379	266390
<b>TOTAL</b>	<b>67643942</b>	<b>55543530</b>
<b>NOTE - 2.07 - OTHER INCOME</b>		
Interest Received from Bank & Others (TDS Rs. 43876/- (Previous Year Rs.41735/-)	531978	391121
Profit on Sale of Fixed Assets	95555	--
Exchange Gain	--	65091
Others	304054	71930
<b>TOTAL</b>	<b>931587</b>	<b>528142</b>
<b>NOTE - 2.08 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	6396606	9673993
Add : Purchases	19971063	16250359
	26367669	25924352
Less: Closing Stock	6579676	6396606
<b>TOTAL</b>	<b>19787993</b>	<b>19527746</b>
<b>NOTE-2.09- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Opening Stock		
Finished Goods	5919033	6254843
Stock in Process	3870000	2442880
Traded Goods	810300	432974
	10599333	9130697
Closing Stock		
Finished Goods	5230460	5919033
Stock in Process	2928919	3870000
Traded Goods	--	810300
	8159379	10599333
Changes In Inventories	<b>-2439954</b>	<b>1468636</b>

## Notes On Financial Statements for the year ended 31.03.2012

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011
<b>NOTE - 2.10 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	14268921	14004836
Contribution to Provident and other funds	1233940	586026
Staff Welfare Expenses	46919	129820
<b>TOTAL</b>	<b>15549780</b>	<b>14720682</b>
<b>NOTE - 2.11 - FINANCE COSTS</b>		
Interest on Term Loan	1324932	618617
Interest on TDS	5001	14904
Interest-others	2829809	2971338
<b>TOTAL</b>	<b>4159742</b>	<b>3604859</b>
<b>NOTE - 2.12 - OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Consumables, Stores & Spares	182442	171725
Entry Tax	238800	161010
Fees for Technical Services	973975	1147698
Exchange Difference (Net)	338581	--
Freight Inward	658513	248621
Insurance	60160	48428
Job Work & Labour Charges	665612	589611
Laboratory Expenses	106597	256164
Lease Rent & Development Charges	17883	13000
Power, Fuel and Water	885010	725303
Repairs to Others	421844	365031
Repairs to Building	371040	308643
Repairs to Machinery	190597	249213
<b>TOTAL (I)</b>	<b>5111054</b>	<b>4284447</b>
<b>Selling and Distribution Expenses</b>		
Advertisement Expenses	37886	78748
Packing Materials	532732	129315
Commission	265572	117590
Conference Expenses	965126	1100125
I S O Expenses	86038	16545
Implantation Charges	1686478	1667000
Royalty	--	161667
Travelling Expenses	3359899	3136790
Freight Outward	541414	458577
Selling & Business Promotion Expenses	3502511	2144747
<b>TOTAL (II)</b>	<b>10977656</b>	<b>9011104</b>
<b>Establishment Expenses</b>		
Auditor's Remuneration	136000	163500
Bank Charges	383353	690544
Conveyance	175218	91565
Courier & Postage Charges	36928	99289
Legal & Professional Charges	1828195	810968
Misc. Expenses	394638	465501
Printing & Stationery	368781	487161
Rates & Taxes	62246	24540
Rent	969800	920200
Telephone & Fax Charges	231633	243200
VAT and Sales Tax	60972	259953
Vehicles Running & Maintenance Exp	650995	627598
<b>TOTAL (III)</b>	<b>5298759</b>	<b>4884019</b>
<b>TOTAL (I+II+III)</b>	<b>21387469</b>	<b>18179570</b>

As per our report of even date attached

For **S. R. NAREDI & CO.**

Chartered Accountants

**(CA S. R. Naredi)**

Proprietor

Place : INDORE

DATE : 31st August 2012

For and on behalf of the Board of Directors

**Atul Kumar Sethi**

Managing Director

**Amita Sethi**

Whole time Director

**Sushil Patni**

Director

## 2.13 Notes On Financial Statements :

## 1. Earning Per Share

Particulars	2012	2011
Net Profit for the year after tax	₹ 43776	₹ -2262549
Amount Available to Equity Shareholders	₹ 43776	₹ -2262549
Weighted Average no. of shares	3599400	3599400
Earning per share-Basic & Diluted	0.01	-0.63
Face value per equity share	10	10

2. In the opinion of the Board, the current assets have a value on realization in the ordinary course of business at least equal to the amount at which these are stated above and the provisions for known liabilities is adequate and not in excess of the amount considered reasonable and necessary.

## 3. Security of Loans

- Term loan from ICICI bank is secured by hypothecation of car.
- Term loans from HDFC bank is secured by hypothecation of car and vehicle.
- Term loan from Bank of India is secured by hypothecation of Plant and Machinery. It is further secured by First Charge over fixed assets of the company and personal guarantee of Managing Director, Shri Atul Kumar Sethi and Whole Time Director, Mrs Amita Sethi.
- Cash Credit.

The cash credit facilities availed from Bank of India are secured by hypothecation of the Company's current assets consisting of stock of Finished Goods, Stock in Process, Raw Materials etc. and book debts both present and future. Further secured by extension of First Charge over fixed assets of the company and personal guarantee of Managing Director Shri Atul Kumar Sethi and Whole Time Director, Mrs Amita Sethi.

4. The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made.

5. Sundry Debtors includes ₹ 21.84 lacs (Previous Year ₹ 25.62 lacs) due from the subsidiary company Shree Coratomic Limited.

## 6. Segment Reporting :

## A. PRIMARY SEGMENTS

As the company's business activity falls with in a single primary business segment i.e. "Life saving devices" hence there is no primary segments wise information to report as per Accounting Standard -17 "Segment Reporting"

## B. SECONDARY SEGMENTS

Particulars	India	Rest of the world	Total
1. Segment Revenue	₹ 58408483 (₹ 51098376)	₹ 10167046 (₹ 4973296)	₹ 68575529 (₹ 56071672)
2. Carrying cost of Segment assets	₹ 80125470 (₹ 90505763)	₹ 11468641 (₹ 633797)	₹ 91594111 (₹ 91139560)
3. Addition to Fixed Assets	₹ 6286428 (₹ 5788992)	Nil (Nil)	₹ 6286428 (₹ 5788992)

(Previous year figures are in brackets)

## 7. Related Party disclosures :

Disclosures as required by the Accounting Standard – 18 'Related Party Disclosures' are given below: \_

- Relationship Name of the related party
  - Subsidiary Company : Shree Coratomic Ltd.
  - Key Management Personnel
    - Shri Atul Kumar Sethi : Managing Director
    - Smt. Amita Sethi : Whole time Director
    - Shri Sushil Patni : Director
  - Other related parties where control exist : NIL
  - Relatives of Key Management personnel and their enterprises where transactions have taken place: Smt. Heera Sethi.

**NOTE :** Related party relationship is as identified by the company and relied upon by the Auditors

## II. Transactions carried out with related parties referred in I above in ordinary course of business:-

Nature of Transactions	Related Parties			
	Referred in I (a) Above	Referred in I (b) Above	Referred in I (c) Above	Referred in I (d) Above
1. Sale of Goods / Fixed Assets (excluding VAT)	₹ 5161462 (₹ 6512373)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2. Rent	Nil (Nil)	₹ 660000 (₹ 660000)	Nil (Nil)	₹ 120000 (₹ 120000)
3. Remuneration	Nil (Nil)	₹ 3288000 (₹ 3288000)	Nil (Nil)	Nil (Nil)
4. Receivable	₹ 2183535 (₹ 2562178)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year figures are in brackets)

## 8. Payment to Auditors (₹ in Lacs)

Particulars	2011-12	2010-11
-------------	---------	---------

I For services as Auditors	₹ 0.61	₹ 0.51
II For Tax Audit	₹ 0.10	₹ 0.05
III For Other Services	₹ 0.65	₹ 1.08

## 9. The Company has accounted for Deferred Tax Assets and Liabilities in accordance with the Accounting Standard - 22 "Accounting for taxes on Income". Accordingly Deferred Tax Liabilities and Assets are as under :-

Deferred Tax Liabilities On account of Depreciation	₹ 2258525	₹ 2137645
Deferred Tax Assets on account of Accrued Expenses deductible on payment basis, unabsorbed depreciation.	₹ 1982515	₹ 1938925
Net deferred Tax Liabilities	₹ 276010	₹ 198720

## 10. Raw Materials Consumed: ₹ 197.88 ₹ 195.28

## 11. Imported and Indigenous Consumption:

Imported (in %)	₹ 179.22 90.57%	₹ 154.71 79.22%
Indigenous (in %)	₹ 18.66 9.43%	₹ 40.57 20.78%

## 12. C I F Value of Imports during the year

Raw Materials.	₹ 160.15	₹ 127.01
Fixed Assets	₹ 0.00	₹ 5.97

## 13. Expenditure in Foreign Currency

Fees for Technical Services	₹ 9.74	₹ 4.39
Royalty	₹ 0.00	₹ 1.62

## 14. Remittance in Foreign Currency on account of dividends - -

## 15. Earnings in Foreign Exchange.

Export of Goods	₹ 101.67	₹ 49.73
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## 16. Managerial Remuneration

Managing Director	₹ 24.00	₹ 24.00
Whole time Director	₹ 6.00	₹ 6.00
Contribution to P.F.	₹ 2.88	₹ 2.88

## 17. Contingent liabilities not provided for in respect of :-

a) Guarantee given by Banks	₹ 61.10	₹ 64.60
b) Disputed demands of Income-Tax	₹ 2.80	₹ 2.80

## 18. Estimated amount of contracts remaining to be executed on

Capital Account and not provided for (net of advances).	-	₹ 16.70
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## 19. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year.

## 20. The figures have been rounded off to the nearest rupee.

As per our report of even date attached

For **S. R. NAREDI & CO.**

Chartered Accountants

**(CA S. R. Naredi)**

Proprietor

Place : INDORE

DATE : 31st August 2012

For and on behalf of the Board of Directors

**Atul Kumar Sethi**

Managing Director

**Amita Sethi**  
Whole time Director**Sushil Patni**

Director

**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(3) AND 212(5)  
OF THE COMPANIES ACT , 1956 RELATING TO SUBSIDIARY COMPANY**

<b>NAME OF SUBSIDIARY COMPANY</b>	<b>SHREE CORATOMIC LIMITED</b>
SHARE CAPITAL	
Authorised Capital	2,00,00,000/-
Paid up Capital	80,07,000/-
RESERVES	-8,13,014
TOTAL ASSETS	95,86,510
TOTAL LIABILITIES	23,92,524
DETAILS OF INVESTMENTS (except in case of investment in the subsidiaries)	NIL
TURNOVER	78,60,538
PROFIT BEFORE TAXATION	-85,745
PROVISION FOR TAXATION	26,499
PROFIT AFTER TAXATION	-59,246
PROPOSED DIVIDEND	NIL

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(CA S. R. Naredi)**  
Proprietor

Place : INDORE  
DATE : 31st August 2012

**For and on behalf of the Board of Directors**

**Atul Kumar Sethi**  
Managing Director

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## Auditors' Report on Consolidated Financial Statements

To,  
The Board of Directors of  
Shree Pacetronix Ltd.

We have audited the attached Consolidated Balance Sheet of Shree Pacetronix Limited and its Subsidiary at 31st March 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Shree Pacetronix Limited management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statements of a subsidiary viz. Shree Coratomic Limited. The attached consolidated financial statements include net assets of ₹ 95.87 Lacs as at 31st March 2012 and revenue of ₹ 78.61 Lacs and net cash flows amounts to ₹ 2.49 Lacs for the year then ended. We report that the consolidated financial statements have been prepared by Shree Pacetronix Limited's management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements," as notified by the Companies (Accounting Standards) Rules, 2006.

Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) in case of the consolidated Balance Sheet, of the state of affairs of Shree Pacetronix Limited and its subsidiary as at 31st March, 2012; and
- b) in case of the consolidated Statement of Profit and Loss, of the Profit for the year ended on that date and
- c) in case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For : S.R.Naredi & Co.**  
Chartered Accountants  
Registration No. 002818C

Place: INDORE  
Date : 31st August 2012

**(CA. S. R. Naredi)**  
Proprietor  
Membership No. 72014

**BALANCE SHEET AS AT 31ST MARCH 2012  
CONSOLIDATED**

(in ₹)

Particulars	NOTE	AS ON 31.03.2012	AS ON 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUND</b>	2.01		
Share Capital		35994000	35994000
Reserves & Surplus		14634666	14620837
<b>MINORITY INTEREST</b>		6344	6341
<b>NON CURRENT LIABILITIES</b>	2.02		
Long-term Borrowings		5472743	7947237
Long Term Provisions		1063512	1043523
Deferred Tax Liability (Net)		--	--
<b>CURRENT LIABILITIES</b>	2.03		
Short Term Borrowings		22715687	23297018
Trade Payables		4553371	2548361
Short Term Liabilities		6242905	4783783
Short Term Provisions		28500	--
<b>TOTAL</b>		<b>90711728</b>	<b>90241099</b>
<b>II. ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	2.04		
Fixed Assets			
Tangible Assets		28487461	25352599
Intangible Assets		9347025	10436542
Capital Work In Progress		--	10534045
Deferred Tax Assets		84380	135171
Long-term Loans and Advances		1719235	1952883
<b>CURRENT ASSETS</b>	2.05		
Inventories		14739055	17357289
Trade Receivables		14516754	13355694
Cash & Cash Equivalents		6063527	5890060
Short-term Loans & Advances		15754291	5226816
<b>TOTAL</b>		<b>90711728</b>	<b>90241099</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2.01 To 2.13		

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants

**(CA S. R. Naredi)**  
Proprietor

Place : INDORE  
DATE : 31st August 2012

For and on behalf of Board of Directors

**Atul Kumar Sethi**  
Managing Director

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012  
CONSOLIDATED**

(in ₹)

Particulars	NOTE	AS ON 31.03.2012	AS ON 31.03.2011
<b>INCOME</b>			
I Revenue From Operations			
Sale of Products (Net of VAT)	2.06	70321916	57114874
II Other Income	2.07	952689	540982
<b>III TOTAL REVENUE (I + II)</b>		<b>71274605</b>	<b>57655856</b>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	2.08	19787993	19527746
Purchases of Stock in Trade		42080	1373250
Changes in Inventories of Finished Goods,			
Work-in-Progress and Stock-in-Trade	2.09	2801304	-1829986
Employee Benefits Expense	2.10	15681712	14799144
Finance Costs	2.11	4249407	3688487
Depreciation and Amortization Expense		5937641	5465912
Other Expenses	2.12	22681345	19217393
<b>IV TOTAL EXPENSES</b>		<b>71181482</b>	<b>62241946</b>
<b>V Profit / (-) Loss Before exceptional and Extra Ordinary Items (III - IV)</b>		<b>93123</b>	<b>-4586090</b>
VI Add: Excess Provision written back		--	1243054
<b>VII Profit / (-) Loss Before Tax (V - VI)</b>		<b>93123</b>	<b>-3343036</b>
VIII Tax Expenses:			
Current Tax		28500	-40220
Deferred Tax		50791	-936198
<b>IX Profit / (Loss) after tax (before adjustment of Minority Interest (VII-VIII))</b>		<b>13832</b>	<b>-2366618</b>
X Less : Minority Interest		3	-57
<b>XI Profit / (Loss) after tax (after adjustment of Minority Interest (IX-X))</b>		<b>13829</b>	<b>-2366561</b>
<b>XII Earnings per Equity Share (Face Value of ₹ 10 each)</b>			
Basic and Dilluted (in ₹)		0.00	-0.66
Significant Accounting Policies	1		
Notes on Financial Statements	2.01 To 2.13		

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants

**(CA S. R. Naredi)**  
Proprietor

Place : INDORE  
DATE : 31st August 2012

**For and on behalf of Board of Directors**

**Atul Kumar Sethi**  
Managing Director

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

**CASH FLOW STATEMENT FOR THE YEAR 2011- 2012**  
**CONSOLIDATED**

(in ₹)

Particulars	AS ON 31.03.2012	AS ON 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss	0.93	-45.86
Adjusted for:		
Depreciation and Amortisation Expense	59.38	54.66
Interest Income	-5.33	-4.04
Profit on sale of assets	-0.96	0.00
Excess Provision written back	0.00	12.43
Interest	42.49	36.88
Operating Profit before Working Capital Changes	96.52	54.07
Adjusted for :		
Trade & other Receivables	-114.55	38.15
Inventories	26.18	14.47
Trade & Other Payables	34.84	2.38
	-53.53	55.00
Cash Generated from Operations	42.99	109.07
Taxes Paid	0.00	-8.95
	0.00	-8.95
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>42.99</b>	<b>100.12</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	109.09	0.00
Purchase of Fixed Assets	-82.62	-57.89
Interest Income	5.33	4.04
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>31.80</b>	<b>-53.85</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings (Net)	-24.74	-9.16
Proceeds from Short Term Borrowings (Net)	-5.81	-12.11
Interest Paid	-42.49	-36.88
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>-73.05</b>	<b>-58.15</b>
Net Increase / Decrease (-) in Cash and Cash Equivalents	1.73	-11.88
Opening Balance of Cash and Cash Equivalents	58.90	70.78
Closing Balance of Cash and Cash Equivalents	60.63	58.90

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(CA S. R. Naredi)**  
Proprietor

For and on behalf of the Board of Directors

**Atul Kumar Sethi**  
Managing Director

Place : INDORE  
DATE : 31st August 2012

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## SHREE PACETRONIX LIMITED (CONSOLIDATED)

### NOTE :1: SIGNIFICANT ACCOUNTING POLICIES

#### Notes on Consolidated Financial Statements for the year ended 31.03.2012

##### A. Principle of consolidation :

- (i) The financial statements of the parent company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profit/loss on intra-group transactions, as per Accounting Standard 21-Consolidated Financial Statements.
- (ii) The financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other event in similar circumstances and presented in the same manner as the company's separate financial statements.
- (iii) The financial statements of the subsidiary used in the consolidated are drawn up to the same reporting date as that of the company i.e. 31st March.
- (iv) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (v) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.

##### B. Basis of preparation of consolidated financial statements:

The consolidated financial statements has been prepared and presented in accordance with the Indian Generally Accepted Accounting Principle ("GAAP") under the historical cost convention on the actual basis. GAAP comprises accounting standards notified by the Central Government of India, under section 211 (3C) of the Companies Act, 1956, other pronouncements of institute of Chartered Accountants of India., the provisions of Companies Act, 1956 and guidelines by Securities and Exchange Board of India.

##### C. Use of Estimates :

The preparation of consolidated financial statements is in conformity with GAAP required management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current & future periods.

##### D. Fixed Assets :

Fixed assets are stated at cost (net of VAT of which credit is allowed) less accumulated depreciation and impairment, if any. Cost includes all expenses incurred to bring the asset to present location and condition. All direct expenses are capitalized until fixed assets are ready to put to use. Capital Work in Progress comprises outstanding advances paid to acquire fixed assets that are not ready for intended use at Balance Sheet date.

##### E. Depreciation/Amortisation :

- (i) Depreciation on fixed assets are provided on W D V Method at the rates and in the manner as prescribed in schedule XIV of the Companies Act, 1956.
- (ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis from the month of addition or upto the month of disposal, as applicable.

##### F. Intangible assets :

Intangible asset are stated at cost of acquisition less accumulated amortization. Technology Purchased has been amortized over the period of ten years. Amortization is done on straight line basis.

##### G. Inventories :

Inventory is measured at lower of cost or net realizable value after providing for obsolescence, if any. Accordingly, the valuation criteria for inventory valuation during the year are as follows:

- |                        |   |   |
|------------------------|---|---|
| (i) Raw Materials      | : | At cost or net realizable value whichever is lower                              |
| (ii) Finished Goods    | : | At cost or net realizable value whichever is lower                              |
| (iii) Stock in Process | : | At cost including related overheads or net realizable value whichever is lower. |
| (iv) Stock in Trade    | : | At cost or net realizable value whichever is lower.                             |

Costs comprise all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formula used is "First-in-First-out". Cost of work in progress and finished goods is determined on absorption costing method.

##### H. Borrowing Cost :

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

##### I. Revenue Recognition / Sales :

Sales revenue is recognized on transfer of the significant risk & reward of ownership of the goods to the buyer and stated at net of discount, rebate, returns and VAT.

**SHREE PACETRONIX LIMITED  
(CONSOLIDATED)****J. Foreign Currency Transaction :**

- a) Transaction denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.
- b) Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date.
- c) Non-monetary foreign currency assets and liabilities measured at historical cost are translated at exchange rate prevalent at date of transaction.
- d) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account.

**K. Employees Benefits :**

- 1) Short term employees contributions like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the year in which the related services are rendered.
- 2) Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of Rs 10.64 Lacs remains outstanding which is computed based on Projected Unit Credit Method and company made provision of Rs 1.85 Lacs during the year.

**L. Taxation :**

Provision for current tax has been made on the basis of taxable income for the current year and in accordance with the provisions of the Income Tax Act 1961. The deferred tax resulting from the timing difference between the accounting and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of timing difference are recognized and carried forward to the extent there is virtual certainty that these would be realized in future.

**M. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement that can be reliably ascertained, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, when no reliable estimate is made or when there is present or past obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of net selling price or value in use. Management reviews the carrying cost of the assets at the end of each balance sheet date and is of the view that the recoverable value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(CA S. R. Naredi)**  
Proprietor

**For and on behalf of the Board of Directors**

**Atul Kumar Sethi**  
Managing Director

Place : INDORE  
DATE : 31st August 2012

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

**Notes On Financial Statements for the year ended 31.03.2012**  
**CONSOLIDATED**

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011		
<b>NOTE -2.01 - SHARE HOLDERS' FUND</b>				
<b>Share Capital</b>				
AUTHORISED				
50,00,000 Equity Shares of ₹ 10/- each (Previous Year 50,00,000 Equity shares of ₹ 10/- each)	50000000	50000000		
ISSUED, SUBSCRIBED & PAID UP				
3599400 fully paid-up Equity Shares of ₹ 10/- each (Previous year 3599400 Equity Shares of ₹ 10/- each)	35994000	35994000		
<b>TOTAL</b>	<b>35994000</b>	<b>35994000</b>		
<b>a) Reconciliation of number of shares</b>				
<b>Equity Shares</b>				
Opening Balance 3599400 Equity Shares (Previous year 3599400 Equity Shares)	35994000	35994000		
Changes during the year	--	--		
Closing balance	35994000	35994000		
<b>c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company</b>				
<b>Equity Shares</b>	<b>No. of Shares</b>	<b>% Held</b>	<b>No. of Shares</b>	<b>% Held</b>
Atul Kumar Sethi	614456	17.07%	614456	17.07%
Manmohini Kaur	430558	11.96%	430558	11.96%
Bio Pace Technology	295432	8.21%	295432	8.21%
Mathew Samul Kalarickal	317974	8.83%	317974	8.83%
<b>TOTAL</b>	<b>1658420</b>	<b>46.07%</b>	<b>1658420</b>	<b>46.07%</b>
<b>Reserves &amp; Surplus</b>				
Capital Investment Subsidy (As per last Balance Sheet)				
Securities Premium (As per last Balance Sheet)	1500000		1500000	
Profit & Loss account (As per last Balance Sheet)	4673108		4673108	
Add: Profit/(-) Loss for the year	8447729		10814290	
	13829		-2366561	
	<b>8461558</b>		<b>8447729</b>	
<b>TOTAL</b>	<b>14634666</b>		<b>14620837</b>	
<b>NOTE - 2.02 NON CURRENT LIABILITIES</b>				
<b>Long Term borrowings</b>				
<b>A. TERM LOAN (Secured)</b>				
Bank of India	5377036		7777036	
HDFC Bank Car Loan	--		96787	
HDFC Bank Vehicle Loan	95707		--	
ICICI Bank Car Loan	--		73414	
<b>TOTAL</b>	<b>5472743</b>		<b>7947237</b>	
<b>Long Term Provisions</b>				
Provision for Gratuity	1063512		1043523	
<b>TOTAL</b>	<b>1063512</b>		<b>1043523</b>	
<b>NOTE -2.03 - CURRENT LIABILITIES</b>				
<b>Short Term borrowings</b>				
<b>A. TERM LOAN (Secured)</b>				
Bank of India	2400000		2415203	
HDFC Bank Car Loan	96787		543018	
HDFC Bank Vehicle Loan	261822		--	
ICICI Bank Car Loan	73414		102370	

**Notes On Financial Statements for the year ended 31.03.2012**  
**CONSOLIDATED**

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011
<b>B. WORKING CAPITAL LOAN</b>		
Bank of India - Cash Credit (Secured) [Refer Note No. 3(iv)]	19465131	18680916
ICICI Bank Ltd (Unsecured)	418532	1555511
<b>TOTAL</b>	<b>22715687</b>	<b>23297018</b>
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises	635389	257228
Others	3917982	2291133
<b>TOTAL</b>	<b>4553371</b>	<b>2548361</b>
<b>Short Term Liabilities</b>		
Other Current Liabilities	5980875	4335313
Unclaimed Dividend	262030	448470
<b>TOTAL</b>	<b>6242905</b>	<b>4783783</b>
<b>Short Term Provisions</b>		
Provision for Income Tax	28500	--
<b>TOTAL</b>	<b>28500</b>	<b>--</b>

**NOTE - 2.04 - NON CURRENT ASSETS**

## FIXED ASSETS

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	AS ON 31.03.11	ADDITIONS	DEDUC- TIONS	AS ON 31.03.12	UP TO 31.03.11	FOR THE YEAR	WRITTEN BACK	UP TO 31.03.12	AS ON 31.03.12	AS ON 31.03.11
<b>TANGIBLE ASSETS</b>										
LEASE HOLD LAND	193350			193350					193350	193350
BUILDINGS	11541577	1943671		13485248	5781099	632507		6413606	7071642	5760478
PLANT & MACHINERIES	39039716	3826041		42865757	23344396	2533125		25877521	16988236	15695320
FURNITURE & FIXTURES	3462639	35923		3498562	2687173	149331		2836503	662058	775466
VEHICLES	6000800	1625192	1976003	5649989	3877399	733742	1696558	2914582	2735407	2123401
OFFICE EQUIPMENTS	1341846	9899		1351745	878102	69953		948055	403691	463745
COMPUTERS	3175444	302731		3478175	2834606	210492		3045098	433077	340838
TEMPORARY SHED	245392			245392	245392			245392		
<b>TOTAL (I)</b>	<b>65000764</b>	<b>7743457</b>	<b>1976003</b>	<b>70768218</b>	<b>39648165</b>	<b>4329150</b>	<b>1696558</b>	<b>42280757</b>	<b>28487461</b>	<b>25352599</b>
PREVIOUS YEAR (I)	56542688	8458077		65000765	35738849	3909318		39648167	25352598	20803839
<b>INTANGIBLE ASSETS</b>										
TECHNOLOGY PURCHASED	15565940	518974		16084914	5129398	1608491		6737889	9347025	10436542
<b>TOTAL (II)</b>	<b>15565940</b>	<b>518974</b>		<b>16084914</b>	<b>5129398</b>	<b>1608491</b>		<b>6737889</b>	<b>9347025</b>	<b>10436542</b>
PREVIOUS YEAR (II)	15565940			15565940	3572804	1556594		5129398	10436542	11993136
<b>CAPITAL WORK IN PROGRESS</b>										10534045
<b>TOTAL (III)</b>										<b>10534045</b>
PREVIOUS YEAR (III)	13203130	3412200	6081285	10534045					10534045	13203130
<b>TOTAL (I+II+III)</b>	<b>80566704</b>	<b>8262431</b>	<b>1976003</b>	<b>86853132</b>	<b>44777563</b>	<b>5937641</b>	<b>1696558</b>	<b>49018646</b>	<b>37834486</b>	<b>46323186</b>
PREVIOUS YEAR (I+II+III)	85311758	11870277	6081285	91100750	39311653	5465912		44777565	46323185	46000105

**Non Current Investments**

(Long Term Investment)

**In Equity Shares of Subsidiary Company**

800000 fully paid up equity shares of ₹ 10/- each of Shree Coratomic Ltd.(Unquoted)

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**Long-Term Loans & Advances**

Security Deposits

	1719235	1952883
<b>TOTAL</b>	<b>1719235</b>	<b>1952883</b>

**NOTE - 2.05 - CURRENT ASSETS****Inventories**

Raw Materials

Stock In Process

Finished Goods

Traded Goods

	6579676	6396606
	2928919	3870000
	5230460	6280383
	--	810300

**TOTAL**

	<b>14739055</b>	<b>17357289</b>
--	-----------------	-----------------

**Notes On Financial Statements for the year ended 31.03.2012**  
**CONSOLIDATED**

(in ₹)

Particulars	Year Ended 31.03.2012	Year Ende 31.03.2011
<b>Trade Receivables</b>		
(Unsecured and Considered Good)		
Over six months	2747913	2467325
Others	11768841	10888369
<b>TOTAL</b>	<b>14516754</b>	<b>13355694</b>
<b>Cash &amp; Cash Equivalents</b>		
Cash & Cash Equivalents		
Cash on Hand	1251798	672640
Balance with Banks in current accounts	52572	--
Other Bank Balances		
Bank Of India - Dividend Account	262030	448470
Fixed Deposits with banks* (lien marked with bank against bank guarantee)	4497127	4768950
* Includes Deposit of ₹ 2527422 (Previous Year ₹ 2799245) with maturity of more than 12 months		
<b>TOTAL</b>	<b>6063527</b>	<b>5890060</b>
<b>Short Term Loans &amp; Advances</b>		
(Unsecured and Considered Good)		
a) Other loans and advances	14690326	4555897
b) Accrued interest on Fixed deposits with banks	1063965	670919
<b>TOTAL</b>	<b>15754291</b>	<b>5226816</b>
<b>NOTE - 2.06 - SALES OF PRODUCTS</b>		
Sales	70321916	57114874
Add: VAT on Sales	2924923	2596779
	73246839	59711653
Less: VAT / Sales Tax Paid	2585148	2068368
VAT on Purchase	339775	528411
<b>TOTAL</b>	<b>70321916</b>	<b>57114874</b>
<b>NOTE - 2.07 - OTHER INCOME</b>		
Interest Received from Bank & Others (TDS Rs. 43876/- (Previous Year Rs.41735/-)	533080	403961
Profit on Sale of Fixed Assets	95555	--
Exchange Gain	--	65091
Others	324054	71930
<b>TOTAL</b>	<b>952689</b>	<b>540982</b>
<b>NOTE - 2.08 - COST OF MATERIALS CONSUMED</b>		
Opening Stock	6396606	9673993
Add : Purchases	19971063	16250359
	26367669	25924352
Less: Closing Stock	6579676	6396606
<b>TOTAL</b>	<b>19787993</b>	<b>19527746</b>
<b>NOTE-2.09- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Opening Stock		
Finished Goods	6280383	6254843
Stock in Process	3870000	2442880
Traded Goods	810300	432974
	10960683	9130697
Closing Stock		
Finished Goods	5230460	6280383
Stock in Process	2928919	3870000
Traded Goods	-	810300
	8159379	10960683
Changes In Inventories	<b>-2801304</b>	<b>1829986</b>

## Notes On Financial Statements for the year ended 31.03.2012

## CONSOLIDATED

(in ₹)

Particulars	Year Ended 31.03.2012	Year End 31.03.2011
<b>NOTE - 2.10 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	14400853	14080768
Contribution to Provident and other funds	1233940	586026
Staff Welfare Expenses	46919	132350
<b>TOTAL</b>	<b>15681712</b>	<b>14799144</b>
<b>NOTE - 2.11 - FINANCE COSTS</b>		
Interest on Term Loan	1324932	618617
Interest on TDS	5001	14904
Interest-others	2919474	3054966
<b>TOTAL</b>	<b>4249407</b>	<b>3688487</b>
<b>NOTE - 2.12 - OTHER EXPENSES</b>		
<b>Manufacturing Expenses</b>		
Consumables, Stores & Spares	182442	171725
Entry Tax	238800	161010
Fees for Technical Services	973975	1147698
Exchange Difference (Net)	338581	--
Freight Inward	658513	248621
Insurance	60160	48428
Job Work & Labour Charges	665612	589611
Laboratory Expenses	106597	256164
Lease Rent & Development Charges	17883	13000
Power, Fuel and Water	885010	725303
Repairs to Others	421844	365031
Repairs to Building	371040	308643
Repairs to Machinery	190597	249213
<b>TOTAL (I)</b>	<b>5111054</b>	<b>4284447</b>
<b>Selling and Distribution Expenses</b>		
Advertisement Expenses	37886	81548
Packing Materials	532732	129315
Commission	265572	117590
Conference Expenses	965126	1110620
I S O Expenses	86038	16545
Implantation Charges	1928778	1939750
Royalty	-	161667
Travelling Expenses	3361562	3140790
Freight Outward	541414	458577
Selling & Business Promotion Expenses	4301221	2600247
<b>TOTAL (II)</b>	<b>12020329</b>	<b>9756649</b>
<b>Establishment Expenses</b>		
Auditor's Remuneration	161000	193000
Bank Charges	412581	720798
Conveyance	185000	99227
Courier & Postage Charges	36928	99289
Legal & Professional Charges	1873195	868468
Misc. Expenses	496683	567213
Printing & Stationery	371556	489171
Rates & Taxes	94727	31415
Rent	969800	920200
Telephone & Fax Charges	236525	248965
VAT and Sales Tax	60972	259953
Donation	-	51000
Vehicles Running & Maintenance Exp	650995	627598
<b>TOTAL (III)</b>	<b>5549962</b>	<b>5176297</b>
<b>TOTAL (I+II+III)</b>	<b>22681345</b>	<b>19217393</b>

As per our report of even date attached  
For **S. R. NAREDI & CO.**

Chartered Accountants

**(CA S. R. Naredi)**

Proprietor

Place : INDORE

DATE : 31st August 2012

For and on behalf of the Board of Directors

**Atul Kumar Sethi**

Managing Director

**Amita Sethi**

Whole time Director

**Sushil Patni**

Director



**SHREE PACETRONIX LIMITED  
(CONSOLIDATED)**

**2.13 Notes On Consolidated Financial Statements :**

1. The consolidated Financial Statements present the Consolidated account of Shree Pacetronix Limited with its subsidiary. The names, country of incorporation, percentage of ownership interest is as under :-

Name of the Company	Country of Incorporation	% Shareholding of Shree Pacetronix Limited
Shree Coratomic Ltd.	India	99.91 %

2. Significant accounting policies and notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the company. Recognizing this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations and lack of homogeneity made it desirable to exclude some of them which, in the opinion of the management, could be better viewed, when referred from the individual financial statements.
3. Consolidated financial statement have been prepared substantially in the same format as adopted by the parent to the extent possible and in accordance with Accounting Standard (AS) –21 "Consolidated Financial Statements" .
4. Segment Reporting :

**A. PRIMARY SEGMENTS**

As the company's business activity falls within a single primary business segment i.e. "Life saving devices", hence there is no primary segments wise information to report as per Accounting standard -17 "Segment Reporting".

**B. SECONDARY SEGMENTS**

Particulars	India	Rest of The world	Total
1 Segment Revenue	₹ 60154870 (₹ 52682560)	₹ 10167046 (₹ 4973296)	₹ 70321916 (₹ 57655856)
2 Carrying cost of Segment assets	₹ 79243087 (₹ 89607303)	₹ 11468641 (₹ 633797)	₹ 90711728 (₹ 90241100)
3 Addition to Fixed Assets	₹ 6286428 (₹ 5788992)	Nil (Nil)	₹ 6286428 (₹ 5788992)

(Previous year figures are in brackets)

**5. Related Party disclosures :**

Disclosures as required by the Accounting Standard – 18 'Related Party Disclosures' are given below:-

I. Relationship

**a. Holding/Subsidiary Company :**

Since Consolidated financial statements present information about holding and its subsidiary as a single reporting enterprise. It is unnecessary to disclose intra-group transactions.

**b. Key Management Personnel :**

Shri Atul Kumar Sethi : Managing Director  
Smt. Amita Sethi : Whole time Director  
Shri Sushil Patni : Director

**c. Other related parties where control exist ; :** NIL

**d. Relatives of Key Management personnel and their enterprises where transactions have taken place :**  
Smt. Heera Sethi.

**NOTE :** Related party relationship is as identified by the company and relied upon by the Auditors.

II. Transactions carried out with related parties referred in I above in ordinary course of business :-

Nature of Transactions	Referred in I (b) Above	Referred in I (c) Above	Referred in I (d) Above
1. Rent	₹ 660000 (₹ 660000)	Nil (Nil)	₹ 120000 (₹ 120000)
2. Remuneration	₹ 3288000 (₹ 3288000)	Nil (Nil)	Nil (Nil)

(Previous year figures are in brackets)

**SHREE PACETRONIX LIMITED  
(CONSOLIDATED)**

6. The Company has accounted for Deferred Tax Assets and Liabilities in accordance with the Accounting Standard - 22 " Accounting for taxes on Income" . Accordingly Deferred tax liabilities & assets are as under:-

Particulars	AsAt 31.03.2012	AsAt 31.03.2011
Deferred Tax Liabilities On account Depreciation	₹ 3742118	₹ 2940082
Deferred Tax Assets on account of Accrued Expenses deductible on payment basis, unabsorbed depreciation and losses	₹ 3826498	₹ 3075253
Net deferred Tax Liabilities/(Assets)	(₹ 84380)	(₹ 135171)

7. Contingent liabilities not provided for :-
- |  |         |              |
|--|---------|--------------|
| (i) Guarantees given by bank           | ₹ 61.10 | ₹ 64.60 Lacs |
| (ii) The disputed demand on Income Tax | ₹ 2.80  | ₹ 2.80 Lacs  |
8. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) - ₹ 16.70
9. Figure pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
10. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with current year.
11. The figures have been rounded off to the nearest rupee.

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(CA S. R. Naredi)**  
Proprietor

**For and on behalf of the Board of Directors**

**Atul Kumar Sethi**  
Managing Director

Place : INDORE  
DATE : 31st August 2012

**Amita Sethi**  
Whole time Director

**Sushil Patni**  
Director

## Shree Pacetronix Limited

Regd. Office : Plot No. 19, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

## PROXY FORM

24<sup>th</sup> Annual General Meeting

R.R. No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

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

\_\_\_\_\_ being a member / members of

**SHREE PACETRONIX LIMITED** holding \_\_\_\_\_ or dinary share(s) hereby appoint of

\_\_\_\_\_ or failing him or/

her \_\_\_\_\_ of \_\_\_\_\_ as

my/our proxy to vote for me/us on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on 29th September, 2012 at 10.30 A. M. or any adjourned meeting thereof.

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

Signature-----

Re. 1  
Revenue  
Stamp**Note :** If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the registered office of the Company at least 48 hours before the meeting.

## Shree Pacetronix Limited

Regd. Office : Plot No. 19, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

**ATTENDANCE SLIP**##### 24<sup>th</sup> Annual General Meeting on 29th September 2012

R.F.No. \_\_\_\_\_

Mr./Mrs./Miss. \_\_\_\_\_

(Shareholders' name in block letters)

I/We certify that I/We am/are registered shareholder / proxy for the registered shareholder of the company.

I/We hereby record my/our presence at the 24th Annual General meeting of the company at the registered office of the company on 29th September, 2012 at 10.30 A. M. or any adjournment thereof.

(If signed by proxy, his name should be  
Written in block letters)\_\_\_\_\_  
(Shareholders/proxy's Signature)**Note :**

- Shareholders/proxy holders are requested to bring the attendance Slips with them when they come to the meeting and hand over them at the entrance after affixing their signatures on them.
- If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.

**BOOK - POST**

*If undelivered please return to :*

**Shree Pacetronix Limitd**

**Plot No. 15, Sector II, Industrial Area, Pithampur, Dist. DHAR (M.P.)**

**Pin - 454775**