

25th
ANNUAL REPORT
2012 - 2013



Shree Pacetrnix Ltd.

Technology Serving Humanity

An ISO-9001 Company

| | | |
|--|---|---|
| CHAIRMAN & MANAGING DIRECTOR | : | Shri Atul Kumar Sethi |
| WHOLE TIME DIRECTOR | : | Smt. Amita Sethi, Shri Vikas Gokhale |
| NON EXECUTIVE INDEPENDENT DIRECTORS | ; | Shri Sushil Patni Shri Anil Rathi Shri Praveen K. Badjatya |
| BANKER | : | BANK OF INDIA Santha Bazar, INDORE |
| AUDITORS | : | M/s S. R. Naredi & Co. Chartered Accountants 204, Manas Bhawan Extn. 11, R. N. T. Marg. INDORE - 452001 |
| REGISTERED OFFICE & WORKS | : | Plot No. 15, Sector II, Industrial Area Pithampur, Dist. Dhar (M.P.) 454775 Phone: 07292-411105, Fax: 07292-400418 Email: info@pacetronix.com |
| SHARE TRANSFER AGENT | : | Ankit Consultancy Private Limited 60, Electronics Complex, Pardeshipura, Indore (M.P.) -452010 Phone : 0731-2551745 - 46 Fax No. : 0731-4065798 E Mail ID : mail@ankitonline.com |

N O T I C E

NOTICE is hereby given that 25th Annual General Meeting of the Members of **SHREE PACETRONIX LIMITED** will be held on Monday, 30th September, 2013 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 2013 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Mr. Anil Rathi retires by rotation and being eligible offers her for re-appointment.
3. To appoint a Director in place of Mr. Vikas Gokhale retires by rotation and being eligible offers her for re-appointment.
4. To consider re-appointment of the Statutory 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 **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 the members of the Company be and is hereby accorded to re-appoint Mr. Atul Kumar Sethi as the Managing Director of the Company for a further period of Three years commencing from the 1st December, 2013 on the following terms and conditions as given below:

Basic Salary : ₹ 1,60,000/-per month with an annual increment @ 10%

Perquisites : ₹ 40,000 /- towards H.R.A

Medical expense, Provident fund and leave travel allowance as eligible.

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 the members of the Company be and is hereby accorded to re-appoint Mrs. Amita Sethi as the Whole time Director of the Company for a further period of Three years commencing from the 1st December, 2013 on the following terms and conditions as given below:

Basic Salary : ₹ 40,000/- per month with an annual increment @ 10%

Perquisites : ₹ 10,000 /- towards H.R.A

Medical expense, Provident fund and leave travel allowance as eligible.

7. 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 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the board of directors of the Company for disposal of present and future immovable and movable assets of the Company whether by way of mortgage, hypothecation or otherwise, where-ever situated in compliance of the terms of their loan agreement entered into and/or to be entered into by and between any of the Bank or financial institution etc. and the Company

RESOLVED FURTHER THAT any director of the Company along with Shri Atul Kumar Sethi the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the Company including affixation of common seal of the Company on documents aforesaid for giving effect to this resolution.

RESOLVED FURTHER THAT any one director along with Shri Atul Kumar Sethi the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the Company including affixation of the common seal of the Company on the documents aforesaid for giving effect to this resolution.”

8. 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 293(1)(d) of the Companies Act, 1956 and other applicable provisions, if any, the consent of the Company be and is hereby also accorded to the board of the Company for borrowing money for business objectives of the Company, from time to time, provided that the moneys so borrowed (apart from temporary loans obtained from time to time by the Company from its bankers in the ordinary course of its business) together with the money already borrowed by the Company, shall not exceed ₹ 25 Crores over and above the aggregate of the extant paid up capital of the Company and its free reserves.

RESOLVED FURTHER THAT any one director along with Shri Atul Kumar Sethi the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the Company including affixation of the common seal of the Company on the documents aforesaid for giving effect to this resolution.

RESOLVED FURTHER THAT any director of the Company along with Shri Atul Kumar Sethi the Managing Director be and are hereby authorized to sign and execute all the necessary papers and documents, as may be prescribed and required by the Bank on behalf of the Company including affixation of common seal of the Company on documents aforesaid for giving effect to this resolution.”

By order of the Board of Directors of

Shree Pacetronix Limited

Atul Kumar Sethi

Chairman & Managing Director

PLACE: Pithampur

DATE: 30.07.2013

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 BE 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 company has notified closure of register of members and share transfer books from Friday, September 27, 2013 to Monday, September 30, 2013 (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) 452010.
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.
9. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special Business to be transacted at the meeting is annexed hereto.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the company on all working days, except Saturday, between 11:00 A.M and 1:00 P.M up to the date of the meeting.
11. Pursuant to the provisions of section 205A (5) and 205C of the Companies Act, 1956 has no need to transfer any unpaid or unclaimed dividends for the financial year, to the **Investor Education and Protection fund** (the IEPF) established by the central government. But pursuant to the provisions of the investor Education and Protection fund (uploading of the information regarding unpaid and unclaimed amount lying with company) rules 2012, the company will upload the details of unpaid and unclaimed amount lying with company as on the September 29, 2012(date of the last Annual General Meeting) on the website of the company, as also on the Ministry of corporate affairs before the Annual General Meeting i.e Monday September 30, 2013.

EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956.**Item No: 5 & 6**

Shri Atul Kumar Sethi and Smt. Amita Sethi are the Managing Director and Whole Time Director of the Company. They were re-appointed for the term of Three years from 1st December 2010 which is coming to expire. Their experience, commitment and capabilities are playing a crucial role in the growth of the Company. Thus the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that these persons continue in the capacity of Managing Director and Whole Time Director respectively.

The resolution is recommend due to aforesaid commercial reasons read with the legal provisions of the Companies Act which requires the consent of the members in the General Meeting; hence your directors recommend this resolution. However, none of the directors except Shri Atul Kumar Sethi and Smt. Amita Sethi may be deemed as concerned or interested in the resolutions.

Item No: 7 & 8

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public Company shall not, without consent of such Public Company in General Meeting sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company. In view of the future expansion or requirements of funds as the case may be, the mortgage and/or charge to be created. The necessary approval of the members is proposed to be obtained under section 293(1)(a) and other applicable provisions of the Companies Act, 1956. Section 293(1)(d) of the Companies Act, 1956, requires the consent of the members in General Meeting for authorizing the Board of Directors to borrow moneys in excess of the aggregate of the paid up capital of the Company and its free reserves, In view it is required to pass the resolution with the same borrowing limit upto ₹ 25 Crores, under section 293(1)(d) of the Companies Act, 1956. The Directors of the Company recommend the resolution for the consideration and approval of the Members. None of the Directors of the Company is in any way concerned or interested in this resolution.

By order of the Board of Directors of

Shree Pacetronix Limited

Atul Kumar Sethi

Chairman & Managing Director

PLACE: Pithampur

DATE: 30.07.2013

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

| Name of Directors | Mr. Atul Kumar Sethi | Smt. Amita Sethi | Mr. Anil Rathi | Mr. Vikas Gokhale |
|---|---|---|---|--|
| Date of Birth | 17.04.1962 | 01.06.1966 | 05.02.1954 | 09.06.1975 |
| Date of Appointment | 11.01.1988 | 11.01.1988 | 25.07.2008 | 30.01.2012 |
| Expertise/ Experience in Specific functional areas | 26 years. experience in Managing & Implementing Industrial Undertaking | Having 17 years experience in Management of Industrial Undertaking | 35 Years experience in Marketing of Medical Instrumentation, Financiers, and Management of Industrial Automation. | Having 12 years experience in R&D and Production |
| No. of Equity Shares held | 614256 | 99795 | N.A | N.A |
| List of outside Company directorship held | <ol style="list-style-type: none"> Shree Coratomic Limited Sethi Resins Pvt. Ltd. | <ol style="list-style-type: none"> Shree Coratomic Limited Sethi Resins Pvt. Ltd. | <ol style="list-style-type: none"> Magnum Distilleries Ltd. Magnum Infrareal Private Limited Fragrant Chemicals Private Limited Fabiola Sea Foods Private Limited | N.A |
| Chairman / Member of the Committees of the Board of Directors of the Company | Chairman Shareholders/ Investors Grievance Committee | NIL | Member Audit Committee Remuneration Committee Shareholders/ Investors Grievance Committee | Member Audit Committee Remuneration Committee |
| Chairman / Member of the Committees of the Board Directors of other Companies in which he is director | NIL | NIL | NIL | NIL |

DIRECTORS' REPORT

To

The Members of
Shree Pacetronix Ltd

Your Directors have pleasure in presenting the Twenty Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

The financial performance of the Company, for the year ended March 31, 2013 is summarized below

| PARTICULARS | 31.03.2013 | (₹ in lacs) |
|--------------------------------|---------------|---------------|
| | | 31.03.2012 |
| Revenue from operations | 604.75 | 676.44 |
| Other Income | 5.17 | 9.32 |
| Operating Expenditure | 501.44 | 591.65 |
| Interest & Depreciation | 90.94 | 92.61 |
| Profit before Tax | 17.54 | 1.50 |
| Less-Provision for Tax | 6.06 | 1.06 |
| Profit After Tax | 11.48 | 0.44 |

DIVIDEND

Your directors do not recommend any dividend due to inadequate profit.

COMPANY'S PERFORMANCE & FUTURE OUTLOOK

In the financial year 2012-13, your Company continued its strong growth momentum and recorded a total turnover of ₹ 604.75 Lacs and Profit after tax of ₹ 11.48 Lacs in the financial year against the last year's turnover of ₹ 676.44 Lacs and Profit of ₹ 0.44 Lacs. There was a substantial growth in the Profit of the Company however the Directors expects to increase the profit in ensuing years through the development of our own pacemaker ASIC and to give a more competitive advantage in sales. The Company has developed for the first time in India in association with DRDO, Visakapatnam and the Cochlear Implant. The Company will get soon the license from the Government of India to manufacture the same within the existing facility and use of existing machinery, with minor procurements of testing equipments. The Company will become the 4th Company in the world to manufacture the same.

The Company has received approval from ANVISA, Brazil to give a boost in the marketing of our advanced product in many countries. The sales approval from Russia is also expected within this year; due to new market share in the coming years the sale of pacemakers is expected to increase, 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 as discussed which will enable your Company to continue its journey on the growth path.

DIRECTORATE

In term of the provision of Section 256 of the Company Act, 1956, Shri Anil Rathi and Shri Vikas Gokhale, the directors of the Company 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.

Shri Atul Kumar Sethi and Smt. Amita Sethi completed their term of three years as the Managing Director and Whole Time Director of the Company, your Directors proposes for their reappointment as the Managing Director and Whole Time Director of the Company subject to approval of the shareholders in the ensuing AGM. There is no other change in the Directorate of the Company during the year under review.

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:

- 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.
- 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.
- 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.
- The Directors have prepared the Annual Accounts for the financial year ended 31st March 2013 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.

AUDITORS REPORT & NOTES TO ACCOUNTS

The Board has duly reviewed the statutory Auditors Report on the Accounts. The notes forming part of the accounts referred to in the Auditors Report of the Company are self explanatory and do not call for any further explanation.

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and out go as required to be disclosed under section 217(1)(e) of the companies Act, 1956, are provided in **Annexure – 1** to this report.

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 from Ashish Garg, 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

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally; the 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 AS 21 and Accounting AS 23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

COST COMPLIANCE REPORT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, The Company has received the Cost Compliance Certificate from M/s. Anil Jain Cost Accountant, Indore for the year ended on 31st March 2013.

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 would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the under review. Your directors also wish to place in record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

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

ATUL KUMAR SETHI
Chairman & Managing Director

Place: Pithampur
Date: 30th July, 2013

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 2013.

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

| | 31.03.2013 | 31.03.2012 |
|--|---------------|---------------|
| 1. Electricity | | |
| (a) Purchased Units (Nos.) | 1,18,264 | 1,29,350 |
| Total Amount (Rs.) | ₹ 8,50,945.00 | ₹ 7,84,437.00 |
| Rate/Unit (Rs.) | 7.20 | 6.06 |
| (b) Own Generation | | |
| (i) Through diesel Generator Units (Nos.) | NIL | NIL |
| Units/liter of diesel oil (Nos.) | NIL | NIL |
| Cost/Unit (₹) | | |
| (ii) Through steam | NIL | NIL |
| Turbine/generator | | |
| 2. Coal | NIL | NIL |
| 3. Furnace Oil | NIL | NIL |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | |
| Production of Pacemakers (Nos.) | 2270 | 2424 |
| Electricity (Units) | 52.10 | 53.36 |
| 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

| | |
|---|---------|
| 1. 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. | |
| 2. 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 pacemakers. | |
| 3. 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)

| | 31.03.2013 | 31.03.2012 |
|--|------------|------------|
| 1. Foreign Exchange earned: | | |
| - FOB Value of Exports | 52.61 | 101.67 |
| - Job Work | 0.00 | 0.00 |
| 2. Foreign Exchange used: CIF Value of import of | | |
| - Raw Materials | 243.71 | 160.15 |
| 3. Foreign Travels: | | |
| - Directors & Others | 3.28 | 4.93 |
| - Technical services | 1.61 | |

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 31st March, 2013 (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 **6 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 28th September, 2012 to 29th September, 2012 under Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 29th September 2012 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 no appointment of additional director, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager 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 :

Place : INDORE
Date : 30.07.2013Name of the Company Secretary : ASHISH GARG
F.C.S No. 5181, C.P. No. 4423**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.
12. Register of Directors Attendance.

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 31st March 2013.**

| Sr. No. | Form No./ Return | Filed under Return | 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. | Balance Sheet | Sec. 220 (XBRL) | As on 31.03.2012 | 15.01.2013 | Yes | No |
| 2. | Compliance Certificate | Sec. 383 A | For the year ended 31.03.2012 | 17.10.2012 | Yes | No |
| 3. | Form 32 | Sec 303 | Change in Director | 17.10.2012 | Yes | No |
| 4. | Form 23 | Sec. 192 | Registration of Resolution | 17.10.2012 | Yes | No |
| 5. | Annual Return | Sec 159 | AGM held on 30.09.2012 | 27.10.2012 | Yes | No |

Signature :

Place : INDORE
Date : 30.07.2013Name of the Company Secretary : ASHISH GARG
F.C.S No. 5181, C.P. No. 4423

**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.

CORPORATE GOVERNANCE REPORT 2012-13

(Forming part of the Directors' Report of Shree Pacetronix Limited)

Corporate Governance is all about maintaining a valuable relationship and trust with all the stakeholders. At Shree Pacetronix we consider our stakeholders as our partners in our success and we remain committed to maximizing stakeholder's value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This emanates from our strong belief that sound governance system based on relationship and trust is integral to creating value on an overall basis. We have a defined policy framework for ethical conduct of businesses. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and courage.

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance is a set systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, Transparency, Fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Good governance practices stem from the culture and mind set of the organization and at Shree Pacetronix we are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholders returns, high credit ratings, governance process and entrepreneurial performance focused work environment. Our customers have benefited from high quality products delivered at the most competitive prices.

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 Atul Kumar 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 |

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 six times during the year under review and the Dates on which the Said meetings were held are as follows:

30th April 2012, 30th May 2012, 30th July 2012, 31st August 2012, 30th October 2012 and 30th January 2013.

5. DIRECTORS ATTENDANCE

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

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 2012-13 | |
|-----------------------|---------------------------------------|--|----------|
| | | 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 31st March, 2013, Five Audit Committee Meetings were held the Dates on which the Said meetings were held are as follow:

30th April 2012, 30th July 2012, 31st August 2012, 30th October 2012 and 30th January 2013

B. REMUNERATION COMMITTEE

The Company pays remuneration to the Whole-time Directors while no sitting fees is paid to non-executive directors. The remuneration of the Whole-time Directors is decided by the Board of Directors and approved by the shareholders. The aggregate amount of the remuneration paid for the financial year 2012-13 is as under:-

Shri Atul Kumar Sethi (Managing Director) - ₹ 26.30

Smt. Amita Sethi (Whole-time Director) - ₹ 06.58

Shri. Vikas Gokhale (Whole-time Director) - ₹ 08.40

The committee comprises of three independent directors as members as follows -

| Name | Category | Number of Meetings during the year 2012-13 | |
|-----------------------|---------------------------------------|--|----------|
| | | Held | Attended |
| Shri Sushil Patni | Chairman Independent, Non – Executive | NIL | - |
| Shri Praveen Badjatya | Independent, Non –Executive. | NIL | - |
| Shri Anil Rathi | Independent, Non –Executive. | NIL | - |

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, 2013, 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 - 2010 | 30 th Sept. 2010 | Reg. Off of the Company at Pithampur | 10.30 am |
| AGM - 2011 | 30 th Sept. 2011 | Reg. Off of the Company at Pithampur | 10.30 am |
| AGM - 2012 | 29 th Sept. 2012 | 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 th September 2010 | <ul style="list-style-type: none"> • 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. |
| AGM | 30 th September 2011 | • No Special Business was transacted |
| AGM | 29 th September 2012 | <ul style="list-style-type: none"> • Appointment of Vikas Gokhale U/s 257 • Re-appointment of Vikas Gokhale U/s 269 read with 198,309 and 310. |

9. NOTE ON DIRECTORS APPOINTMENT/RE-APPOINTMENT

In term of the provision of the Company Act, 1956, Shri Anil Rathi and Shri Vikas Gokhale 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.

Shri Atul Kumar Sethi and Smt. Amita Sethi completed their term of three years as the Managing Director and Whole Time Director of the Company, your Directors proposes for their reappointment as the Managing Director and Whole Time Director of the Company subject to approval of the shareholders in the ensuing AGM. There is no other change in the Directorate of the Company during the year under review.

10. DISCLOSURES

- (a) Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No. 5 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2013. The transactions with the related parties do not have potential conflict with the interests of the Company at large.
- (b) 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.
- (c) Auditors Certificate on corporate governance is enclosed herewith.

11. MEANS OF COMMUNICATIONS

- i. The Board of Directors of the Company.
- ii. 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.
- iii. 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).
- iv. 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 : 30th September, 2013
Day : Monday
Time & Venue : 10:30 a.m. at the registered office of the Company.

(c) FINANCIAL CALENDAR

(Tentative)

Results for the quarter ending 30th June, 2013 : Last week of July, 2013
Results for the quarter ending 30th Sept, 2013 : Last week of Oct. 2013
Results for the quarter ending 31st Dec, 2013 : Last week of Jan. 2014
Results for the quarter ending 31st Mar, 2014 : Last week of May, 2014

(d) BOOK CLOSURE

Friday September, 27, 2013 to Monday September 30, 2013 (both days inclusive)

(e) LISTING

The equity shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai and Madhya Pradesh Stock Exchange Limited, Indore. Listing fees as prescribed, has been paid to both the Stock Exchanges for 2013-14.

(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.) -452010

(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 31-03-2013

| SHARE HOLDING OF NOMINAL VALUE OF | SHARE HOLDERS NUMBER | % | SHARE AMOUNT IN RS. | % |
|--------------------------------------|-------------------------|---------------|------------------------|---------------|
| RS. | RS. | | | |
| UPTO - 1000 | 4,674 | 80.91 | 4576400 | 12.71 |
| 1001 - 2000 | 528 | 9.14 | 1043170 | 2.90 |
| 2001 - 3000 | 126 | 2.18 | 370320 | 1.03 |
| 3001 - 4000 | 69 | 1.19 | 268640 | 0.75 |
| 4001 - 5000 | 194 | 3.36 | 967500 | 2.69 |
| 5001 - 10000 | 93 | 1.61 | 727490 | 2.02 |
| 10001 - 20000 | 38 | 0.66 | 576160 | 1.60 |
| 20001 - 30000 | 14 | 0.24 | 352250 | 0.98 |
| 30001 - 40000 | 5 | 0.09 | 190000 | 0.53 |
| 40001 - 50000 | 7 | 0.12 | 308970 | 0.86 |
| 50001 - 100000 | 8 | 0.14 | 603690 | 1.68 |
| 100000 - ABOVE | 21 | 0.36 | 26009410 | 72.26 |
| TOTAL | 5777 | 100.00 | 35994000 | 100.00 |

(k) SHAREHOLDING PATTERN AS ON 31-03-2013

| Sr.No | Category | No. of Shares Held | Percentage of Shareholding |
|-------|--------------------------|--------------------|-------------------------------|
| 1. | Promoters | 812428 | 22.57 |
| 2. | Private Corporate Bodies | 215045 | 5.97 |
| 3. | Indian Public | 1845632 | 51.28 |
| 4. | NRIs/OCBs | 726295 | 20.18 |
| | TOTAL | 3599400 | 100.00 |

(i) DEMATERIALISATION OF SHARES

| | |
|--|---------|
| Total number of Dematted shares with NSDL | 1418744 |
| Total number of Dematted shares with CDSL | 695380 |
| Total number of shares Held in Physical Form | 1485276 |

(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 2012-13.

Table 1: Monthly highs and lows and volumes traded at the BSE, 2012-13

| Year | High(₹) | Low(₹) | Close(₹) |
|----------|---------|--------|----------|
| Mar 2013 | 29.15 | 22.00 | 22.00 |
| Feb 2013 | 29.00 | 21.55 | 25.15 |
| Jan 2013 | 26.50 | 22.00 | 23.30 |
| Dec 2012 | 26.95 | 24.50 | 24.50 |
| Nov 2012 | 27.50 | 24.55 | 26.50 |
| Oct 2012 | 27.30 | 24.85 | 26.45 |
| Sep 2012 | 26.45 | 22.00 | 23.75 |
| Aug 2012 | 27.80 | 23.00 | 26.50 |
| Jul 2012 | 25.00 | 21.75 | 24.00 |
| Jun 2012 | 28.40 | 23.40 | 25.70 |
| May 2012 | 27.55 | 23.90 | 26.00 |
| Apr 2012 | 28.65 | 25.05 | 26.25 |

(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.) -452010

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, 2013.

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

ATUL KUMAR SETHI
Chairman & Managing Director

Place: Pithampur
Date: 30th July, 2013

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 31st March 2013 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.

For and on behalf of the Board of Directors of

SHREE PACETRONIX LIMITED

ATUL KUMAR SETHI

Chairman & Managing Director

Place: Pithampur
Date: 30th July, 2013

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 31st March 2013 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: 30th July, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Shree Pacetronix Limited**, ("the company") which comprise the Balance Sheet as at 31st March 2013 the statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and,
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 ("the order") as amended issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the books of account.
 - d) In our Opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in of Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2013 from being appointed as director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Place: Indore
Dated: 30th May, 2013

ANNEXURE TO THE AUDITORS' REPORT**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 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 :
- The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - 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.
 - 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 :
- As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
 - 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.
 - 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 :
- 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.
 - 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 in respect of manufacturing activities of the company.
- (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, 2013 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 : 30th May 2013

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

BALANCE SHEET AS AT 31ST MARCH 2013

(in ₹)

| Particulars | NOTE | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|-------------------|---------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUND | 2.01 | | |
| (a) Share Capital | | 35994000 | 35994000 |
| (b) Reserves & Surplus | | 16604791 | 15456373 |
| NON CURRENT LIABILITIES | 2.02 | | |
| (a) Long-term Borrowings | | 2505434 | 5472743 |
| (b) Deferred Tax Liability (Net) | | 746260 | 276010 |
| CURRENT LIABILITIES | 2.03 | | |
| (a) Short Term Borrowings | | 22992855 | 22582120 |
| (b) Trade Payables | | 4487637 | 4553371 |
| (c) Other Current Liabilities | | 3980890 | 5374601 |
| (d) Short Term Provisions | | 2532202 | 1884893 |
| TOTAL | | 89844069 | 91594111 |
| II. ASSETS | | | |
| NON-CURRENT ASSETS | 2.04 | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | | 27754580 | 28419522 |
| (ii) Intangible Assets | | 3805200 | 4613691 |
| (b) Non Current Investments | | 8000000 | 8000000 |
| (c) Long-term Loans and Advances | | 1055883 | 1200035 |
| CURRENT ASSETS | 2.05 | | |
| (a) Inventories | | 25591149 | 14739055 |
| (b) Trade Receivables | | 14204116 | 13842576 |
| (c) Cash & Cash Equivalents | | 3600507 | 5782138 |
| (d) Short-term Loans & Advances | | 5832634 | 14997094 |
| TOTAL | | 89844069 | 91594111 |
| Significant Accounting Policies Notes on Financial Statements | 1 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 : 30th May 2013

For and on behalf of Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(in ₹)

| Particulars | NOTE | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|--------------|---------------------|---------------------|
| INCOME | | | |
| I Revenue From Operations | | | |
| Sale of Products (Net of VAT) | 2.06 | 60475945 | 67643942 |
| II Other Income | 2.07 | 517248 | 931587 |
| III TOTAL REVENUE (I + II) | | 60993193 | 68575529 |
| IV EXPENDITURE | | | |
| Cost of Materials Consumed | 2.08 | 16123349 | 19787993 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 2.09 | 1141782 | 2439954 |
| Employee Benefits Expense | 2.10 | 15595764 | 15549780 |
| Finance Costs | 2.11 | 3779077 | 4159742 |
| Depreciation and Amortization Expense | | 5315558 | 5101025 |
| Other Expenses | 2.12 | 17282744 | 21387469 |
| TOTAL EXPENSES | | 59238274 | 68425963 |
| V Profit Before Tax (III - IV) | | 1754919 | 149566 |
| VI Tax Expenses: | | | |
| Current Tax | | 136251 | 28500 |
| Deferred Tax | | 470250 | 77290 |
| VII Profit for the year (V - VI) | | 1148418 | 43776 |
| VIII Earnings per Equity Share (Face Value of ₹ 10 each) | | | |
| Basic and Dilluted (in ₹) | | 0.32 | 0.01 |
| 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 : 30th May 2013

For and on behalf of Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

CASH FLOW STATEMENT FOR THE YEAR 2012- 2013

(in ₹)

| Particulars | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|---------------------|---------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss | 1754919 | 149566 |
| Adjusted for: | | |
| Depreciation and Amortisation Expense | 5315558 | 5101025 |
| Interest Income | -431728 | -531978 |
| Profit on sale of assets | 0 | -95555 |
| Interest | 3779077 | 4159742 |
| | <u>8662907</u> | <u>8633234</u> |
| Operating Profit before Working Capital Changes | 10417826 | 8782800 |
| Adjusted for : | | |
| Trade & other Receivables | 9281472 | -10438985 |
| Inventories | -10852094 | 2256884 |
| Trade & Other Payables | -1118036 | 3459763 |
| | <u>-2688658</u> | <u>-4722338</u> |
| Cash Generated from Operations | <u>7729168</u> | <u>4060462</u> |
| Taxes Paid | -164751 | 0 |
| | <u>-164751</u> | <u>0</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u>7564417</u> | <u>4060462</u> |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale of Fixed Assets | 0 | 10909047 |
| Purchase of Fixed Assets | -3842125 | -8262431 |
| Interest Income | 431728 | 531978 |
| NET CASH FROM INVESTING ACTIVITIES | <u>-3410397</u> | <u>3178594</u> |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings (Net) | -2967309 | -2474494 |
| Proceeds from Short Term Borrowings (Net) | 410735 | -680286 |
| Interest Paid | -3779077 | -4159742 |
| NET CASH (USED IN) FINANCING ACTIVITIES | <u>-6335651</u> | <u>-7314522</u> |
| Net Increase / Decrease (-) in Cash and Cash Equivalents | <u>-2181631</u> | <u>-75466</u> |
| Opening Balance of Cash and Cash Equivalents | 5782138 | 5857604 |
| Closing Balance of Cash and Cash Equivalents | <u>3600507</u> | <u>5782138</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 : 30th May 2013

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

NOTE :1: SIGNIFICANT ACCOUNTING POLICIES**Notes on Financial Statements for the year ended 31.03.2013****A. Basis of preparation of Financial Statements:**

The financial statements are prepared under historical cost convention on an accrual basis of accounting in accordance with generally accepted accounting principles, accounting standards notified under section 211(3c) of the Companies Act 1956, and the relevant provisions thereof.

B. Use of Estimates :

The preparation of financial statements 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.

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. |

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 "weighted average". 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' benefits like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the statement of Profit and loss 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 ₹ 12.09 lacs (Previous Year ₹ 10.64 Lacs) remains outstanding which is computed based on Projected Unit Credit Method and company has made provision of gratuity ₹1.65 lacs (Previous Year ₹ 1.85 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 book profit of 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

Praveen Barjatiya
Director

Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 | | |
|--|--------------------------|------------------------|----------------------|---------------|
| NOTE -2.01 - SHARE HOLDERS' FUND | | | | |
| Share Capital | | | | |
| 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 | | |
| TOTAL | 35994000 | 35994000 | | |
| a) Reconciliation of number of shares | | | | |
| Equity Shares | | | | |
| Opening Balance 3599400 Equity Shares (Previous year 3599400 Equity Shares) | 35994000 | 35994000 | | |
| Changes during the year | -- | -- | | |
| Closing balance | 35994000 | 35994000 | | |
| c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company | | | | |
| Equity Shares | No. of Shares | % Held | No. of Shares | % Held |
| Atul Kumar Sethi | 614256 | 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 | 326115 | 9.06% | 317974 | 8.83% |
| TOTAL | 1666361 | 46.30% | 1658420 | 46.07% |
| Reserves & Surplus | | | | |
| Capital Investment Subsidy (As per last Balance Sheet) | 1500000 | | 1500000 | |
| Securities Premium (As per last Balance Sheet) | 4673108 | | 4673108 | |
| Statement of Profit & Loss (As per last Balance Sheet) | 9283265 | | 9239489 | |
| Add: Profit for the year | 1148418 | | 43776 | |
| | 10431683 | | 9283265 | |
| TOTAL | 16604791 | | 15456373 | |
| NOTE - 2.02 NON CURRENT LIABILITIES | | | | |
| Long Term borrowings | | | | |
| A. TERM LOAN (Secured) | | | | |
| Bank of India | 2119398 | | 5377036 | |
| HDFC Bank Vehicle Loan | 386036 | | 95707 | |
| TOTAL | 2505434 | | 5472743 | |
| Deffered tax liability | | | | |
| Deferred Tax Liabilities on account of depreciation & Amortization | 1989664 | | 2258525 | |
| Deferred Tax assets on account of unabsorbed depreciation and accrued expenses deductible or payment basis | 1243404 | | 1982515 | |
| Net deferred Tax Liability | 746260 | | 276010 | |
| NOTE -2.03 - CURRENT LIABILITIES | | | | |
| Short Term borrowings | | | | |
| A. TERM LOAN (Secured) | | | | |
| Bank of India | 2400000 | | 2400000 | |
| HDFC Bank Vehicle Loan | 383636 | | 358610 | |
| ICICI Bank Car Loan | -- | | 73414 | |

Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year Ende 31.03.2012 |
|---|--------------------------|-------------------------|
| B. WORKING CAPITAL LOAN | | |
| Bank of India - Cash Credit (Secured) | 19897132 | 19465131 |
| ICICI Bank Ltd (Unsecured) | 312087 | 284966 |
| TOTAL | 22992855 | 22582120 |
| (i) Term loans from HDFC bank is secured by hypothecation of car and vehicle. | | |
| (ii) 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. | | |
| (iii) 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. and book debts both present and future. Furture 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. | | |
| Trade Payables | | |
| Micro, Small and Medium Enterprises | 531167 | 635389 |
| Others | 3956470 | 3917982 |
| TOTAL | 4487637 | 4553371 |
| 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. | | |
| Other Current Liabilities | | |
| Other Current Liabilities | 3718860 | 5112571 |
| Unclaimed Dividend | 262030 | 262030 |
| TOTAL | 3980890 | 5374601 |
| Short Term Provisions | | |
| Provision for employee benefits | 2197802 | 1856393 |
| Provision for Income Tax | 334400 | 28500 |
| TOTAL | 2532202 | 1884893 |

NOTE - 2.04 - NON CURRENT ASSETS

FIXED ASSETS

| PARTICULARS | GROSS BLOCK (AT COST) | | | DEPRECIATION | | | | NET BLOCK | | |
|---------------------------------|-----------------------|----------------|-----------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| | AS ON 31.03.12 | ADDITIONS | DEDUC- TIONS | AS ON 31.03.13 | UP TO 31.03.12 | FOR THE YEAR | WRITTEN BACK | UP TO 31.03.13 | AS ON 31.03.13 | AS ON 31.03.12 |
| TANGIBLE ASSETS | | | | | | | | | | |
| LEASE HOLD LAND | 193350 | | | 193350 | | | | | 193350 | 193350 |
| BUILDINGS | 13485248 | 844127 | | 14329375 | 6413606 | 714199 | | 7127805 | 7201570 | 7071642 |
| PLANT & MACHINERIES | 42865757 | 1297447 | | 44163204 | 25877521 | 2460869 | | 28338390 | 15824814 | 16988236 |
| FURNITURE & FIXTURES | 3371308 | 27120 | | 3398428 | 2725026 | 117795 | | 2842821 | 555607 | 646282 |
| VEHICLES | 5649989 | 1403451 | | 7053440 | 2914582 | 973431 | | 3888013 | 3165427 | 2735407 |
| OFFICE EQUIPMENTS | 1238805 | 239980 | | 1478785 | 860398 | 71294 | | 931692 | 547093 | 378407 |
| COMPUTERS | 3028582 | 30000 | | 3058582 | 2622384 | 169479 | | 2791863 | 266719 | 406198 |
| TEMPORARY SHED | 245392 | | | 245392 | 245392 | | | 245392 | | |
| TOTAL (I) | 70078431 | 3842125 | | 73920556 | 41658909 | 4507067 | | 46165976 | 27754580 | 28419522 |
| PREVIOUS YEAR (I) | 64310977 | 7743457 | 1976003 | 70078431 | 39062933 | 4292534 | 1696558 | 41658909 | 28419522 | 25248044 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| TECHNOLOGY PURCHASED | 8084914 | | | 8084914 | 3471223 | 808491 | | 4279714 | 3805200 | 4613691 |
| TOTAL (II) | 8084914 | | | 8084914 | 3471223 | 808491 | | 4279714 | 3805200 | 4613691 |
| PREVIOUS YEAR (II) | 7565940 | 518974 | | 8084914 | 2662732 | 808491 | | 3471223 | 4613691 | 4903208 |
| CAPITAL WORK IN PROGRESS | | | | | | | | | | |
| TOTAL (III) | | | | | | | | | | |
| PREVIOUS YEAR (III) | | | | | | | | | | 10534045 |
| TOTAL (I+II+III) | 78163345 | 3842125 | | 82005470 | 45130132 | 5315558 | | 50445690 | 31559780 | 33033213 |
| PREVIOUS YEAR (I+II+III) | 71876917 | 8262431 | 1976003 | 78163345 | 41725665 | 5101025 | 1696558 | 45130132 | 33033213 | 40685297 |

Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 |
|--|--------------------------|------------------------|
| 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) | 8000000 | 8000000 |
| | 8000000 | 8000000 |
| Long-Term Loans & Advances | | |
| Security Deposits | 1055883 | 1200035 |
| TOTAL | 1055883 | 1200035 |
| NOTE - 2.05 - CURRENT ASSETS | | |
| Inventories | | |
| Raw Materials | 18573552 | 6579676 |
| Stock In Process | 2769097 | 2928919 |
| Finished Goods | 4248500 | 5230460 |
| TOTAL | 25591149 | 14739055 |
| Trade Receivables | | |
| (Unsecured and Considered Good) | | |
| Over six months | 4826411 | 1822388 |
| Others | 9377705 | 12020188 |
| TOTAL | 14204116 | 13842576 |
| Cash & Cash Equivalents | | |
| Cash on Hand | 578504 | 970409 |
| Balance with Banks in current accounts | 20000 | 52572 |
| Other Bank Balances | | |
| Bank Of India - Dividend Account | 262030 | 262030 |
| Fixed Deposits with banks* (lien marked with bank against bank guarantee) | 2739973 | 4497127 |
| * Includes Deposit of ₹ 259011 (Previous Year ₹ 2527422) with maturity of more than 12 months | | |
| TOTAL | 3600507 | 5782138 |
| Short Term Loans & Advances | | |
| (Unsecured and Considered Good) | | |
| a) Other loans and advances | 5020952 | 13933129 |
| b) Accrued interest on Fixed deposits with banks | 811682 | 1063965 |
| TOTAL | 5832634 | 14997094 |
| NOTE - 2.06 - SALES OF PRODUCTS | | |
| Sales | 60475945 | 67643942 |
| Add: VAT on Sales | 2393759 | 2589443 |
| | 62869704 | 70233385 |
| Less: VAT / Sales Tax Paid | 2347153 | 2466064 |
| VAT on Purchase | 46606 | 123379 |
| TOTAL | 60475945 | 67643942 |
| NOTE - 2.07 - OTHER INCOME | | |
| Interest Received from Bank & Others | 431728 | 531978 |
| (TDS ₹ 43916/- (Previous Year ₹ 43876/-) | | |
| Profit on Sale of Fixed Assets | | 95555 |
| Others | 85520 | 304054 |
| TOTAL | 517248 | 931587 |
| NOTE - 2.08 - COST OF MATERIALS CONSUMED | | |
| Opening Stock | 6579676 | 6396606 |
| Add : Purchases | 28117225 | 19971063 |
| | 34696901 | 26367669 |
| Less: Closing Stock | 1859552 | 6579676 |
| TOTAL | 16123349 | 19787993 |

Notes On Financial Statements for the year ended 31.03.2012

(in ₹)

| Particulars | Year Ended 31.03.2012 | Year End 31.03.2011 |
|---|--------------------------|------------------------|
| NOTE-2.09- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE | | |
| Opening Stock | | |
| Finished Goods | 5230460 | 5919033 |
| Stock in Process | 2928919 | 3870000 |
| Traded Goods | -- | 810300 |
| | 8159379 | 10599333 |
| Closing Stock | | |
| Finished Goods | 4248500 | 5230460 |
| Stock in Process | 2769097 | 2928919 |
| | 7017597 | 8159379 |
| Changes In Inventories | TOTAL | -2439954 |
| NOTE - 2.10 - EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 15014997 | 14268921 |
| Contribution to Provident and other funds | 448906 | 1233940 |
| Staff Welfare Expenses | 131861 | 46919 |
| | TOTAL | 15549780 |
| NOTE - 2.11 - FINANCE COSTS | | |
| Interest on Term Loan | 952379 | 1324932 |
| Interest on TDS | 2826698 | 2829809 |
| Interest-others | - | 5001 |
| | TOTAL | 3779077 |
| NOTE - 2.12 - OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Consumables, Stores & Spares | 201805 | 182442 |
| Entry Tax | 532575 | 238800 |
| Exchange Difference (Net) | 576009 | 338581 |
| Freight Inward | 464925 | 658513 |
| Insurance | 90687 | 60160 |
| Job Work & Labour Charges | 717384 | 665612 |
| Laboratory Expenses | 134853 | 106597 |
| Lease Rent & Development Charges | 16875 | 17883 |
| Power, Fuel and Water | 876222 | 885010 |
| Repairs to Others | 123780 | 421844 |
| Repairs to Building | 173006 | 371040 |
| Repairs to Machinery | 411131 | 190597 |
| Fees for technical services | 161930 | 973975 |
| | TOTAL (I) | 5111054 |
| Selling and Distribution Expenses | | |
| Advertisement Expenses | 41093 | 37886 |
| Packing Materials | 218437 | 532732 |
| Commission | 197220 | 265572 |
| Conference Expenses | 20720 | 965126 |
| Implantation Charges | 1505946 | 1686478 |
| Travelling Expenses | 3226404 | 3359899 |
| Freight Outward | 347499 | 541414 |
| Selling & Business Promotion Expenses | 2857403 | 3502511 |
| I S O Expenses | - | 86038 |
| | TOTAL (II) | 10977656 |
| Establishment Expenses | | |
| Auditor's Remuneration | 116000 | 136000 |
| Bank Charges | 272918 | 383353 |
| Conveyance | 104310 | 175218 |
| Courier & Postage Charges | 69159 | 36928 |
| Legal & Professional Charges | 995588 | 1828195 |
| Misc. Expenses | 475678 | 394638 |
| Printing & Stationery | 267867 | 368781 |
| Rates & Taxes | 176597 | 62246 |
| Rent | 677100 | 969800 |
| Telephone & Fax Charges | 249791 | 231633 |
| VAT and Sales Tax | 51408 | 60972 |
| Vehicles Running & Maintenance Exp | 655408 | 650995 |
| Donation | 50000 | - |
| Debit/Credit balance written-off | 225016 | - |
| | TOTAL (III) | 5298759 |
| | TOTAL (I+II+III) | 21387469 |

2.13 Notes On Financial Statements :

1. Earning Per Share

| Particulars | 2013 | 2012 |
|---|-----------|---------|
| Net Profit for the year after tax | ₹ 1148418 | ₹ 43776 |
| Amount Available to Equity Shareholders | ₹ 1148418 | ₹ 43776 |
| Weighted Average no. of shares | 3599400 | 3599400 |
| Earning per share-Basic & Diluted | 0.32 | 0.01 |
| 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. Sundry Debtors includes ₹ 47.48 lacs (Previous Year ₹ 21.84 lacs) due from the subsidiary company Shree Coratomic Limited.

4. 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 | ₹ 55214984 (₹ 57476896) | ₹ 5260961 (₹ 10167046) | ₹ 60475945 (₹ 67643942) |
| 2. Carrying cost of Segment assets | ₹ 89614731 (₹ 80125470) | ₹ 344770 (₹ 11468641) | ₹ 89959501 (₹ 91594111) |
| 3. Addition to Fixed Assets | ₹ 3842125 (₹ 6286428) | Nil (Nil) | ₹ 3842125 (₹ 6286428) |

(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 | Name of the related party |
|--|---------------------------|
| a. Subsidiary Company | : Shree Coratomic Ltd. |
| b. Key Management Personnel | |
| Shri Atul Kumar Sethi | : Managing Director |
| Smt. Amita Sethi | : Whole time Director |
| Shri Vikas Gokhale | : Whole time 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 | 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 | ₹ 6217999 (₹ 5161462) | Nil (Nil) | Nil (Nil) | Nil (Nil) |
| 2. Rent | Nil (Nil) | ₹ 420000 (₹ 660000) | Nil (Nil) | ₹ 180000 (₹ 120000) |
| 3. Remuneration | Nil (Nil) | ₹ 34128000 (₹ 3288000) | Nil (Nil) | Nil (Nil) |
| 4.Receivable | ₹ 4748427 (₹ 2183535) | Nil (Nil) | Nil (Nil) | Nil (Nil) |

(Previous year figures are in brackets)

| 6. Payment to Auditors | | (₹ in Lacs) | |
|---|---------|-------------|--|
| Particulars | 2012-13 | 2011-12 | |
| I For services as Auditors | 0.81 | 0.31 | |
| II For Tax Audit | 0.10 | 0.10 | |
| III For Other Services | 0.25 | 0.45 | |
| 7. Raw Materials Consumed: | 161.23 | 197.88 | |
| 8. Imported and Indigenous Consumption: | | | |
| Imported | 143.35 | 179.22 | |
| (in %) | 88.91% | 90.57% | |
| Indigenous | 17.88 | 18.66 | |
| (in %) | 11.09% | 9.43% | |
| 9. C I F Value of Imports during the year Raw Materials. | 243.71 | 160.15 | |
| 10. Expenditure in Foreign Currency | | | |
| Fees for Technical Services | 1.61 | 9.74 | |
| Travelling Expenses | 3.28 | 4.93 | |
| 11. Remittance in Foreign Currency on account of dividends | - | - | |
| 12. Earnings in Foreign Exchange. | | | |
| Export of Goods | 52.61 | 101.67 | |
| 13. Managerial Remuneration | | | |
| Managing Director | 24.00 | 24.00 | |
| Whole time Director | 14.40 | 6.00 | |
| Contribution to P.F. | 2.88 | 2.88 | |
| 14. Contingent liabilities not provided for in respect of :- | | | |
| a) Guarantee given by Banks | 37.60 | 61.10 | |
| b) Disputed demands of Income-Tax | 2.80 | 2.80 | |
| 15. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances). | - | 16.70 | |
| 16. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year. | | | |
| 17. 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 : 30th May 2013

For and on behalf of the Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

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

(In ₹)

| NAME OF SUBSIDIARY COMPANY | SHREE CORATOMIC LIMITED |
|---|-------------------------|
| SHARE CAPITAL | |
| Authorised Capital | 2,00,00,000/- |
| Paid up Capital | 80,07,000/- |
| RESERVES | (-) 2,57,427 |
| TOTALASSETS | 1,53,29,408 |
| TOTAL LIABILITIES | 75,79,835 |
| DETAILS OF INVESTMENTS (except in case of investment in the subsidiaries) | NIL |
| TURNOVER | 1,07,25,521 |
| PROFIT BEFORE TAXATION | 8,62,332 |
| PROVISION FOR TAXATION | 3,06,785 |
| PROFIT AFTER TAXATION | 5,55,587 |
| 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 : 30th May 2013

For and on behalf of the Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

Independent Auditors' Report on Consolidated Financial Statements

To,
The Board of Directors of
Shree Pacetronix Ltd.

Report on the Financial Statements

We have audited the accompanying Consolidated financial statements of **Shree Pacetronix Limited**, and its Subsidiary, which comprise the consolidated Balance Sheet as at 31st March 2013 the Consolidated statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Company 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 consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and,
- c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

Financial statements/consolidated financial statements of subsidiary (SCL) which reflect total assets(net) of ₹ **153.29 Lacs** as at 31st March 2013 and revenue of ₹ **107.26 Lacs** and net cash flows amounts to ₹ **0.93 Lacs** for the year then ended.

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

Place: INDORE
Date : 30th May 2013

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(in ₹)

| Particulars | NOTE | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|-------------------|---------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUND | 2.01 | | |
| (a) Share Capital | | 35994000 | 35994000 |
| (b) Reserves & Surplus | | 16347588 | 14644014 |
| MINORITY INTEREST | | 6775 | 6344 |
| NON CURRENT LIABILITIES | 2.02 | | |
| (a) Long-term Borrowings | | 2505434 | 5472743 |
| (b) Deferred Tax Liability (Net) | | 653260 | -84380 |
| CURRENT LIABILITIES | 2.03 | | |
| (a) Short Term Borrowings | | 22992855 | 22715686 |
| (b) Trade Payables | | 6811979 | 4553371 |
| (c) Other Current Liabilities | | 4426888 | 5450025 |
| (d) Short Term Provisions | | 2708702 | 1884893 |
| | TOTAL | 92447481 | 90636696 |
| II. ASSETS | | | |
| NON-CURRENT ASSETS | 2.04 | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | | 27813255 | 28496809 |
| (ii) Intangible Assets | | 7738534 | 9347025 |
| (b) Long-term Loans and Advances | | 2009736 | 1719235 |
| CURRENT ASSETS | 2.05 | | |
| (a) Inventories | | 30259871 | 14739055 |
| (b) Trade Receivables | | 14201786 | 14516754 |
| (c) Cash & Cash Equivalents | | 3974580 | 6063527 |
| (d) Short-term Loans & Advances | | 6449719 | 15754291 |
| | TOTAL | 92447481 | 90636696 |
| Significant Accounting Policies Notes on Financial Statements | 1 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 : 30th May 2013

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(in ₹)

| Particulars | NOTE | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|--------------|---------------------|---------------------|
| INCOME | | | |
| I Revenue From Operations | | | |
| Sale of Products (Net of VAT) | 2.06 | 64983171 | 70321916 |
| II Other Income | 2.07 | 517544 | 952689 |
| III TOTAL REVENUE (I + II) | | 65500715 | 71274605 |
| IV EXPENDITURE | | | |
| Cost of Materials Consumed | 2.08 | 16123349 | 19787993 |
| Purchases of Stock in Trade | | 5844571 | 42080 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 2.09 | -3526940 | 2801304 |
| Employee Benefits Expense | 2.10 | 15734696 | 15681712 |
| Finance Costs | 2.11 | 3893914 | 4249407 |
| Depreciation and Amortization Expense | | 6134170 | 5937641 |
| Other Expenses | 2.12 | 18679718 | 22681345 |
| TOTAL EXPENSES | | 62883424 | 71181482 |
| V Profit Before Tax (III-IV) | | 2617291 | 93123 |
| VI Tax Expenses: | | | |
| (a) Current Tax | | 175646 | 28500 |
| (b) Deferred Tax | | 737640 | 50791 |
| VII Profit for the year (before adjustment of Minority Interest (V-VI)) | | 1704005 | 13832 |
| VIII Less : Minority Interest | | 431 | 3 |
| IX Profit / (Loss) after tax (after adjustment of Minority Interest (VII-VIII)) | | 1703574 | 13829 |
| X Earnings per Equity Share (Face Value of ₹ 10 each) | | | |
| Basic and Dilluted (in ₹) | | 0.47 | 0.00 |
| 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 : 30th May 2013

For and on behalf of Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2012- 2013

(in ₹)

| Particulars | AS ON 31.03.2013 | AS ON 31.03.2012 |
|--|---------------------|---------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss | 2617291 | 93123 |
| Adjusted for: | | |
| Depreciation and Amortisation Expense | 6134170 | 5937641 |
| Interest Income | -432024 | -533080 |
| Profit on sale of assets | 0 | -95555 |
| Interest | 3893914 | 4249407 |
| Operating Profit before Working Capital Changes | 12213351 | 9651536 |
| Adjusted for : | | |
| Trade & other Receivables | 9839939 | -11454888 |
| Inventories | -15520816 | 2618234 |
| Trade & Other Payables | 1576880 | 3484121 |
| | -4103997 | -5352533 |
| Cash Generated from Operations | 8109354 | 4299003 |
| Taxes Paid | -204146 | 0 |
| | -204146 | 0 |
| NET CASH FROM OPERATING ACTIVITIES | 7905208 | 4299003 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale of Fixed Assets | 0 | 10909047 |
| Purchase of Fixed Assets | -3842125 | -8262431 |
| Interest Income | 432024 | 533080 |
| NET CASH FROM INVESTING ACTIVITIES | -3410101 | 3179696 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings (Net) | -2967309 | -2474494 |
| Proceeds from Short Term Borrowings (Net) | 277169 | -581331 |
| Interest Paid | -3893914 | -4249407 |
| NET CASH (USED IN) FINANCING ACTIVITIES | -6584054 | -7305232 |
| Net Increase / Decrease (-) in Cash and Cash Equivalents | -2088947 | 173467 |
| Opening Balance of Cash and Cash Equivalents | 6063527 | 5890060 |
| Closing Balance of Cash and Cash Equivalents | 3974580 | 6063527 |

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 : 30th May 2013

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

NOTE :1: CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES**Notes on Consolidated Financial Statements for the year ended 31.03.2013****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.

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.
- (iii) Technology purchased has been amortized over the period of ten years. Amortization is done on straight line basis

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.

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 12.09 Lacs (Previous Year ₹ 10.64 Lacs) remains outstanding which is computed based on Projected Unit Credit Method and company has made provision of gratuity ₹ 1.65 Lacs (Previous Yars ₹ 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 : 30th May 2013

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

Consolidated Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 | | |
|--|--------------------------|------------------------|----------------------|---------------|
| NOTE -2.01 - SHARE HOLDERS' FUND | | | | |
| Share Capital | | | | |
| 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 | | |
| TOTAL | 35994000 | 35994000 | | |
| a) Reconciliation of number of shares | | | | |
| Particulars | No. of Shares | No. of Shares | | |
| Equity Shares at the beginning of the year | 35994000 | 35994000 | | |
| Add : Shares issued during the year | -- | -- | | |
| Equity Shares at the end of the year | 35994000 | 35994000 | | |
| c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company | | | | |
| Equity Shares | No. of Shares | % Held | No. of Shares | % Held |
| Atul Kumar Sethi | 614256 | 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 | 326115 | 9.06% | 317974 | 8.83% |
| TOTAL | 1666361 | 46.30% | 1658420 | 46.07% |
| Reserves & Surplus | | | | |
| Capital Investment Subsidy (As per last Balance Sheet) | 1500000 | | 1500000 | |
| Securities Premium (As per last Balance Sheet) | 4673108 | | 4673108 | |
| Statement of Profit & Loss (As per last Balance Sheet) | 8470906 | | 8457077 | |
| Add: Profit for the year | 1703574 | | 13829 | |
| | 10174480 | | 8470906 | |
| TOTAL | 16347588 | | 14644014 | |
| NOTE - 2.02 NON CURRENT LIABILITIES | | | | |
| Long Term borrowings | | | | |
| A. TERM LOAN (Secured) | | | | |
| Bank of India | 2119398 | | 5377036 | |
| HDFC Bank Vehicle Loan | 386036 | | 95707 | |
| TOTAL | 5472743 | | 7947237 | |
| Deffered tax liability | | | | |
| Deferred Tax Liabilities on account of depreciation & Amortization | 2691518 | | 3742118 | |
| Deferred Tax assets on account of unabsorbed depreciation and accrued expenses deductible or payment | 2038258 | | 3826498 | |
| Net deferred Tax Liability | 653260 | | -84380 | |
| NOTE -2.03 - CURRENT LIABILITIES | | | | |
| Short Term borrowings | | | | |
| A. TERM LOAN (Secured) | | | | |
| Bank of India | 2400000 | | 2400000 | |
| HDFC Bank Vehicle Loan | 383636 | | 358609 | |
| ICICI Bank Car Loan | -- | | 73414 | |

Consolidated Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 |
|---|--------------------------|------------------------|
| B. WORKING CAPITAL LOAN | | |
| Bank of India - Cash Credit (Secured) | 19897132 | 19465131 |
| ICICI Bank Ltd (Unsecured) | 312087 | 418532 |
| TOTAL | 22992855 | 22715686 |
| (i) Term loans from HDFC bank is secured by hypothecation of car and vehicle. | | |
| (ii) 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. | | |
| (iii) 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. and book debts both present and future. Furture 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. | | |
| Trade Payables | | |
| Micro, Small and Medium Enterprises | 2855509 | 635389 |
| Others | 3956470 | 3917982 |
| TOTAL | 6811979 | 4553371 |
| Other Current Liabilities | | |
| Other Current Liabilities | 4164858 | 5187995 |
| Unclaimed Dividend | 262030 | 262030 |
| TOTAL | 4426888 | 5450025 |
| Short Term Provisions | | |
| Provision for employee benefits | 2197802 | 1856393 |
| Provision for Income Tax | 510900 | 28500 |
| TOTAL | 2708702 | 1884893 |

NOTE - 2.04 - NON CURRENT ASSETS

FIXED ASSETS

| PARTICULARS | GROSS BLOCK (AT COST) | | | DEPRECIATION | | | | NET BLOCK | | |
|---------------------------------|-----------------------|----------------|-----------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| | AS ON 31.03.12 | ADDITIONS | DEDUC- TIONS | AS ON 31.03.13 | UP TO 31.03.12 | FOR THE YEAR | WRITTEN BACK | UP TO 31.03.13 | AS ON 31.03.13 | AS ON 31.03.12 |
| TANGIBLE ASSETS | | | | | | | | | | |
| LEASE HOLD LAND | 193350 | | | 193350 | | | | | 193350 | 193350 |
| BUILDINGS | 13485248 | 844127 | | 14329375 | 6413606 | 714199 | | 7127805 | 7201570 | 7071642 |
| PLANT & MACHINERIES | 42865757 | 1297447 | | 44163204 | 25877521 | 2460869 | | 28338390 | 15824814 | 16988236 |
| FURNITURE & FIXTURES | 3498562 | 27120 | | 3525682 | 2832028 | 121461 | | 2953489 | 572193 | 666534 |
| VEHICLES | 5649989 | 1403451 | | 7053440 | 2914582 | 973431 | | 3888013 | 3165427 | 2735407 |
| OFFICE EQUIPMENTS | 1351745 | 239980 | | 1591725 | 943182 | 75488 | | 1018670 | 573055 | 408563 |
| COMPUTERS | 3478175 | 30000 | | 3508175 | 3045098 | 180231 | | 3225329 | 282846 | 433077 |
| TEMPORARY SHED | 245392 | | | 245392 | 245392 | | | 245392 | | |
| TOTAL (I) | 70768218 | 3842125 | | 74610343 | 42271409 | 4525679 | | 46797088 | 27813255 | 28496809 |
| PREVIOUS YEAR (I) | 65000764 | 7743457 | 1976003 | 70768218 | 39648165 | 4329150 | 1696558 | 42280757 | 28487461 | 25352599 |
| INTANGIBLE ASSETS | | | | | | | | | | |
| TECHNOLOGY PURCHASED | 16084914 | | | 16084914 | 6737889 | 1608491 | | 8346380 | 7738534 | 9347025 |
| TOTAL (II) | 16084914 | | | 16084914 | 6737889 | 1608491 | | 8346380 | 7738534 | 9347025 |
| PREVIOUS YEAR (II) | 15565940 | 518974 | | 16084914 | 5129398 | 1608491 | | 6737889 | 9347025 | 10436542 |
| CAPITAL WORK IN PROGRESS | | | | | | | | | | |
| TOTAL (III) | | | | | | | | | | |
| PREVIOUS YEAR (III) | | | | | | | | | | 10534045 |
| TOTAL (I+II+III) | 86853132 | 3842125 | | 90695257 | 49009298 | 6134170 | | 55143468 | 35551789 | 37843834 |
| PREVIOUS YEAR (I+II+III) | 80566704 | 8262431 | 1976003 | 86853132 | 44777563 | 5937641 | 1696558 | 49018646 | 37834486 | 46323186 |

Long-Term Loans & Advances

| | | |
|-------------------|----------------|----------------|
| Security Deposits | 2009736 | 1719235 |
| TOTAL | 2009736 | 1719235 |

Consolidated Notes On Financial Statements for the year ended 31.03.2013

(in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 |
|---|--------------------------|------------------------|
| NOTE - 2.05 - CURRENT ASSETS | | |
| Inventories | | |
| Raw Materials | 18573552 | 6579676 |
| Stock in Process | 2769097 | 2928919 |
| Finished Goods | 4248500 | 5230460 |
| Stock in Trade | 4668722 | -- |
| TOTAL | 30259871 | 14739055 |
| Trade Receivables | | |
| (Unsecured and Considered Good) | | |
| Over six months | 4457361 | 2747913 |
| Others | 9744425 | 11768841 |
| TOTAL | 14201786 | 14516754 |
| Cash & Cash Equivalents | | |
| Cash on Hand | 687644 | 1251798 |
| Balance with Banks in current accounts | 274933 | 52572 |
| Other Bank Balances | | |
| Bank Of India - Dividend Account | 262030 | 262030 |
| Fixed Deposits with banks* (lien marked with bank against bank guarantee) | 2749973 | 4497127 |
| * Includes Deposit of ₹ 259011 (Previous Year ₹ 2527422) with maturity of more than 12 months | | |
| TOTAL | 3974580 | 6063527 |
| Short Term Loans & Advances | | |
| (Unsecured and Considered Good) | | |
| a) Other loans and advances | 5638037 | 14690326 |
| b) Accrued interest on Fixed deposits with banks | 811682 | 1063965 |
| TOTAL | 6449719 | 15754291 |
| NOTE - 2.06 - SALES OF PRODUCTS | | |
| Sales | 64983171 | 70321916 |
| Add: VAT on Sales | 2866729 | 2924923 |
| | 67849900 | 73246839 |
| Less: VAT / Sales Tax Paid | 2562449 | 2585148 |
| VAT on Purchase | 304280 | 339775 |
| TOTAL | 64983171 | 70321916 |
| NOTE - 2.07 - OTHER INCOME | | |
| Interest Received from Bank & Others (TDS ₹ 43916/- (Previous Year ₹ 43876/-)) | 432024 | 533080 |
| Profit on Sale of Fixed Assets | -- | 95555 |
| Others | 85520 | 324054 |
| TOTAL | 517544 | 952689 |
| NOTE - 2.08 - COST OF MATERIALS CONSUMED | | |
| Opening Stock | 6579676 | 6396606 |
| Add : Purchases | 28117225 | 19971063 |
| | 34696901 | 26367669 |
| Less: Closing Stock | 18573552 | 6579676 |
| TOTAL | 16123349 | 19787993 |
| NOTE-2.09- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE | | |
| Opening Stock | | |
| Finished Goods | 5230460 | 6280383 |
| Stock in Process | 2928919 | 3870000 |
| Stock in Trade | | 810300 |
| TOTAL | 8159379 | 10960683 |
| Closing Stock | | |
| Finished Goods | 4248500 | 5230460 |
| Stock in Process | 2769097 | 2928919 |
| Stock in Trade | 4668722 | -- |
| | 11686319 | 8159379 |
| Changes In Inventories | 3526940 | -2801304 |
| TOTAL | 3526940 | -2801304 |

Consolidated Notes On Financial Statements for the year ended 31.03.2013 (in ₹)

| Particulars | Year Ended 31.03.2013 | Year End 31.03.2012 |
|--|--------------------------|------------------------|
| NOTE - 2.10 - EMPLOYEE BENEFITS EXPENSE | | |
| Salaries and Wages | 15153929 | 14400853 |
| Contribution to Provident and other funds | 448906 | 1233940 |
| Staff Welfare Expenses | 131861 | 46919 |
| TOTAL | 15734696 | 15681712 |
| NOTE - 2.11 - FINANCE COSTS | | |
| Interest on Term Loan | 952379 | 1324932 |
| Interest others | 2941535 | 2919474 |
| Interest- on TDS | - | 5001 |
| TOTAL | 3893914 | 4249407 |
| NOTE - 2.12 - OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Consumables, Stores & Spares | 201805 | 182442 |
| Entry Tax | 591175 | 238800 |
| Fees for Technical Services | 161930 | 973975 |
| Exchange Difference (Net) | 576009 | 338581 |
| Freight Inward | 464925 | 658513 |
| Insurance | 90687 | 60160 |
| Job Work & Labour Charges | 717384 | 665612 |
| Laboratory Expenses | 134853 | 106597 |
| Lease Rent & Development Charges | 16875 | 17883 |
| Power, Fuel and Water | 876222 | 885010 |
| Repairs to Others | 123780 | 421844 |
| Repairs to Building | 173006 | 371040 |
| Repairs to Machinery | 411131 | 190597 |
| TOTAL (I) | 4539782 | 5111054 |
| Selling and Distribution Expenses | | |
| Advertisement Expenses | 49093 | 37886 |
| Packing Materials | 218437 | 532732 |
| Commission | 197220 | 265572 |
| Conference Expenses | 20720 | 965126 |
| Implantation Charges | 1792075 | 1928778 |
| Travelling Expenses | 3260641 | 3361562 |
| Freight Outward | 347499 | 541414 |
| Selling & Business Promotion Expenses | 3541670 | 4301221 |
| ISO Expenses | - | 86038 |
| TOTAL (II) | 9427355 | 12020329 |
| Establishment Expenses | | |
| Auditor's Remuneration | 141000 | 161000 |
| Bank Charges | 309580 | 412581 |
| Conveyance | 114541 | 185000 |
| Courier & Postage Charges | 69159 | 36928 |
| Legal & Professional Charges | 1083888 | 1873195 |
| Misc. Expenses | 586329 | 496683 |
| Printing & Stationery | 270787 | 371556 |
| Rates & Taxes | 189579 | 94727 |
| Rent | 677100 | 969800 |
| Telephone & Fax Charges | 257192 | 236525 |
| VAT and Sales Tax | 83002 | 60972 |
| Vehicles Running & Maintenance Exp | 655408 | 650995 |
| Debit/Credit balance written-off | 225016 | - |
| Donation | 50000 | - |
| TOTAL (III) | 4712581 | 5549962 |
| TOTAL (I+II+III) | 18679718 | 22681345 |

As per our report of even date attached
For **S. R. NAREDI & CO.**
Chartered Accountants
(CA S. R. Naredi)
Proprietor
Place : INDORE
DATE : 30th May 2013

For and on behalf of the Board of Directors
Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

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 | ₹ 59722210 (₹ 60154870) | ₹ 5260961 (₹ 10167046) | ₹ 64983171 (₹ 70321916) |
| 2 Carrying cost of Segment assets | ₹ 92102711 (₹ 79168055) | ₹ 344770 (₹ 11468641) | ₹ 92447481 (₹ 90636696) |
| 3 Addition to Fixed Assets | ₹ 3842125 (₹ 6286428) | Nil (Nil) | ₹ 3842125 (₹ 6286428) |

(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 Vikas Gokhale : 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 | ₹ 420000 (₹ 660000) | Nil (Nil) | ₹ 180000 (₹ 120000) |
| 2. Remuneration | ₹ 4128000 (₹ 3288000) | Nil (Nil) | Nil (Nil) |

(Previous year figures are in brackets)

6. Contingent liabilities not provided for :-
- | | | |
|--|--------------|--------------|
| (i) Guarantees given by bank | ₹ 37.60 Lacs | ₹ 61.10 Lacs |
| (ii) The disputed demand on Income Tax | ₹ 2.80 Lacs | ₹ 2.80 Lacs |
7. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)
8. Figure pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.
9. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with current year.
10. 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 : 30th May 2013

Amita Sethi
Whole time Director

Praveen Barjatiya
Director

Shree Pacetronix Limited

Regd. Office : Plot No. 15, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

PROXY FORM

25th Annual General Meeting

R.F. No. _____

No. of Shares _____

I/We _____ of

_____ being a member / members of

SHREE PACETRONIX LIMITED holding _____ ordinary 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 25th Annual General Meeting of the Company to be held on 30th September, 2013 and at any adjourned meeting thereof.

As witnessed my/our hand(s) this-----day of -----2013

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. 15, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

ATTENDANCE SLIP25th Annual General Meeting on 30th September 2013

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 25th Annual General meeting of the company at the registered office of the company on 30th September, 2013

(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 Limited

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

Pin - 454775

Radiant Printer : 2538485