

**TWENTY THIRD  
ANNUAL REPORT  
2010 - 2011**



**Shree Pacetrnix Ltd.**

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*Technology Serving Humanity*

*An ISO-9001 Company*

|                           |                          |                                    |
|---------------------------|--------------------------|------------------------------------|
| <b>BOARD OF DIRECTORS</b> | Shri Atul Kumar Sethi,   | Chairman & Managing Director       |
|                           | Smt. Amita Sethi,        | Whole time Director                |
|                           | Shri Sushil Patni        | Non Executive Independent Director |
|                           | Shri Anil Rathi          | Non Executive Independent Director |
|                           | Shri Praveen K. Badjatya | Non Executive Independent Director |

**BANKER** : BANK OF INDIA  
Santha Bazar, INDORE

**AUDITORS** : **M/s S. R. Naredi & Co.**  
Chartered Accountants  
204-205, Manas Bhawan Extn. (New Wing)  
11, R. N. T. Marg.  
INDORE - 452001

**REGD. OFFICE & FACTORY** : 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.) - 452 001

**NOTICE**

**NOTICE** is hereby given that 23<sup>rd</sup> Annual General Meeting of the Members of the **SHREE PACETRONIX LIMITED** will be held on Friday, 30<sup>th</sup> September, 2011 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 31<sup>st</sup> March 2011 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Praveen Kumar Badjatya retires by rotation and being eligible offers himself for re-appointment.
3. To consider re-appointment of the Auditors and fixing up of their remuneration.

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

PLACE: Indore

DATE: 29<sup>th</sup> August, 2011

**Atul Sethi**  
Chairman & Managing Director

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately.
  - b. Quote their ledger folio number in all their correspondence.
  - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
  - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 29/09/2011 to 30/09/2011 (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.) - 452 001
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.

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

|  |  |
|--|--|
| <b>Name of Directors</b>   | <b>MR. PRAVEEN KUMAR BADJATYA</b>                    |
| <b>Date of Birth</b>   | 21.08.1964   |
| <b>Date of Appointment</b>   | 15.07.2010   |
| <b>Expertise/ Experience in Specific functional areas</b>  | More than 20 year experience in commercial Business. |
| <b>No. of Equity Shares held</b>   |  |
| <b>List of outside Company directorship held</b>   | NIL  |
| <b>Chairman / Member of the Committees of the Board of Directors of the Company</b>                          | Member<br>Audit Committee<br>Remuneration Committee  |
| <b>Chairman / Member of the Committees of the Board Directors of other Companies in which he is director</b> | NIL  |

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

| <b>FINANCIAL RESULTS</b>              | <b>31.03.2011</b> | <b>31.03.2010</b> |
|---------------------------------------|-------------------|-------------------|
| Turnover including other Income       | 560.72            | 606.68            |
| Profit before interest & depreciation | 50.20             | 95.19             |
| Interest & other charges              | 36.05             | 32.08             |
| Depreciation                          | 46.25             | 38.58             |
| Profit before Tax                     | -32.10            | 24.53             |
| Less : Provision for Tax :            |                   |                   |
| Current Tax                           | -0.40             | 9.64              |
| Fringe Benefit Tax -                  | 0.00              | 0.87              |
| Deferred Tax -                        | 9.07              | -1.65             |
| Net Profit after Tax                  | -22.63            | 15.68             |

**PERFORMANCE REVIEW & FUTURE OUTLOOK**

The company recorded a total turnover of **Rs. 555.44Lacs** In year 2010 -2011 against a previous turnover of **Rs. 595.51 Lacs**. Export sale was **Rs.49.73 Lacs** compared to **Rs.52.64 Lacs** respectively, due to higher overhead cost and manufacturing expenses the bottom line of the Company has turned into negative and the Company has incurred losses of Rs.32.10 Lacs against the handsome profit of Rs.24.53 Lacs in comparison of last year. Your directors are working hard to reduce the cost and improve the financial performance of the Company in the years to come.

As the last financial year incurred heavy expenditure in machinery, development and expansion and at the same decrease in sale both indogeneously and exports, the company has run into loss for the first time since inception.

With CE approvals in hand the company expects to triple exports in the coming financial year and with the installation of new laser machine , the company hopes to double production to meet the requirements for supply against approvals received overseas. The company expects to do better than last year by more than 30% to cover the losses generated if not eliminate the same altogether.

**DIRECTORATE**

In term of the provision of the Company Act, 1956 Shri Pravin Kumar Badjatya would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for reappointment. There is no other change in the composition of board of directors of the company.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board confirms that:

- (a) The financial statements are in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- (b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the year under review.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March 2011 on going concern basis.

**AUDITORS AND AUDITORS' REPORT**

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

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.**

The details required under section 217 (1) (e) of The Companies Act, 1956 are given in the annexure and forms part of this report as Annexure - 1.

**PUBLIC DEPOSITS**

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

**COMPLIANCE CERTIFICATE**

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**CORPORATE GOVERNANCE**

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

**SUBSIDIARY COMPANY**

As required under section 212 of the Companies Act, 1956, the Audited Accounts together with the reports of the Directors and Auditors are attached.

**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.

**APPRECIATION**

Your Directors wish to place on record their appreciation for the continued co-operation and support given to the Company by its Customers, Shareholders, Bankers, and Central & State Governments including all those associated with the Company

Place: Indore

Date: 29<sup>th</sup> August, 2011

For and on behalf of the Board of Directors of

**Shree Pacetronix Limited**

**(ATUL KUMAR SETHI)**

(Chairman & Managing Director)

## Annexure - 1

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2011.

**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 have 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.

|  | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| <b>A. POWER &amp; FUEL CONSUMPTION</b>       |            |            |
| 1. Electricity                               |            |            |
| (a) Purchased                                |            |            |
| Units (Nos.)                                 | 115435     | 117271     |
| Total Amount (Rs.)                           | 557708     | 728790     |
| Rate/Unit (Rs.)                              | 4.83       | 6.21       |
| (b) Own Generation                           |            |            |
| (i) Through diesel Generator                 |            |            |
| Units (Nos.)                                 | NIL        | NIL        |
| Units/litre of diesel oil (Nos.)             | NIL        | NIL        |
| Cost/Unit (Rs.)                              | NIL        | NIL        |
| (ii) Through steam Turbine/genrator          | NIL        | NIL        |
| 2. Coal                                      | NIL        | NIL        |
| 3. Furnace Oil                               | NIL        | NIL        |
| <b>B. CONSUMPTION PER UNIT OF PRODUCTION</b> |            |            |
| Production of Pacemakers (Nos.)              | 1949       | 2048       |
| Electricity (Units)                          | 59.23      | 57.26      |
| 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 & indigenisation.              |
| 4. Expenditure on R & D.                                     | Charged to respective head of accounts.                           |

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

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

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

|           |   | (Rs. in Lacs) |            |
|-----------|---|---------------|------------|
|           |   | 31/03/2011    | 31/03/2010 |
| <b>1.</b> | <b>Foreign Exchange earned :</b>                      |               |            |
|           | - FOB Value of Exports                                | 49.73         | 52.64      |
|           | - Job Work  | 0.00          | 0.00       |
| <b>2.</b> | <b>Foreign Exchange used : CIF Value of import of</b> |               |            |
|           | - Raw Materials                                       | 127.07        | 136.27     |
|           | - Capital Goods                                       | 5.97          | 66.34      |
|           | - Traded Goods  | Nil           | 3.66       |
| <b>3</b>  | <b>Foreign Travels :</b>                              |               |            |
|           | - Directors & Others                                  | 7.18          | 11.13      |

Annexure - 2

### COMPLIANCE CERTIFICATE

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

CIN: L33112MP1988PLC004317

Authorised Capital: Rs.5,00,00,000/-

Paid-up Capital: Rs.3,59,94,000/-

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

I have examined the registers, records, books and papers of **SHREE PACETRONIX LIMITED** ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2011 (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 4 times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company being a listed company closed its Register of Members on 29th September, 2010 to 30th September, 2010 under Section 154 of the Act.

6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2010 was held on 30<sup>th</sup> September 2010 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 certificate of securities on allotment of shares/ lodgment thereof transfer/transmission or any other purpose 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 un-claimed for a period of Seven years.
  - v) duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. There was appointment of Shri Praveen Kumar Barjatya as Additional director of the company on Board Meeting held on 15.07.2010 there was no other appointment of, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has re-appointed Shri Atul Kumar Sethi for further period of 3 years as managing director and Smt. Amita Sethi re-appointed as whole-time director for further period of 3 years during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has not been required to obtain any approval of the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors Pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Shares during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has no preference shares or debentures.
22. The Company has not declared dividend nor has issued any rights shares and bonus shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has borrowed the loan in Compliance of the Section 293(1) (d) of the Act.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

Place : INDORE  
Date : 29.08.2011

Signature :  
Name 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.

**Annexure B**  
**Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March 2011.**

| Sr. No. | Form No./Return | Filed under section | For  | Date of filing filing/Date of deposit of Challans | Whether filed within prescribed time (Yes/No) | If delay in filing whether requisite additional fees paid (Yes/No) |
|---------|-----------------|---------------------|--|---|---|--|
| 1.      | Balance Sheet   | Sec. 220            | As on 31.03.2010                           | 07.10.2010  | Yes   | No   |
| 2.      | Annual Return   | Sec. 159            | AGM held on 30.09.2010                     | 04.02.2011  | Yes   | No   |
| 3.      | Form 66         | Sec. 383 A          | For the financial year ended on 31.03.2010 | 04.10.2010  | Yes   | No   |
| 4.      | Form 66         | Sec. 303            | Change in the Director                     | 20.07.2010  | Yes   | No   |
| 5.      | Form 25C        | Sec 269 (2)         | Re-appointment of Managing Director        | 14.12.2010  | Yes   | No   |
| 6.      | Form 25C        | Sec 269 (2)         | Re-appointment of MD/WTD                   | 04.10.2010  | Yes   | No   |

Place : INDORE  
Date : 29.08.2011

Signature :  
Name 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 Directors Report)**

- (a) **Industry Structure and Development**  
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) **Highlights of Performance**  
The same has been given in the Directors Report under the heading performance review.
- (c) **Segment wise or product wise performance:**  
The Company is engaged in pacemakers manufacturing only and there is no separate repeatable segments.
- (d) **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.
- (e) **Internal Control System**  
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 remained harmonious throughout the year.
- (g) **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**

Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The importance of Corporate Governance lies in the contribution it makes to the overall growth and direction of the business, management accountability, transparency and equity with stakeholders. In terms of Clause 49 of Listing Agreement for the continuing good governance and transparency a report in this regard is submitted hereunder:

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

Corporate Governance is a system and pattern of transparent and democratic functioning by which operations and management of a business corporation is directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities amongst the participants in the corporation, such as, the Board, Managers, and Shareholders and spells out the rules and regulations for making decisions on corporate affairs.

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.

The Company believes that transparency, empowerment, accountability and integrity are the fundamental principles of Sound Corporate Governance. This philosophy has guided the operations and the functioning of the Company. Our Corporate Governance philosophy stems from our belief that the business strategy and plans should be consistent and growth oriented adequately taking care of welfare of all the stakeholders. The company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement. The company has a sound Corporate Governance mechanism in place.

**CEO 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.

**2. 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 two directors in the whole time employment of the company and three independent professional directors. The particular of the Board with their interest in other concern is presented before you in the following table:

| Name of Director              | Category of Directorship | No. of Board Meeting attended | No. of other Directorship | Committee Membership | Member Chairman |
|-------------------------------|--------------------------|-------------------------------|---------------------------|----------------------|-----------------|
| Shri A. K. Sethi              | Mg. Director             | 5                             | 2                         | 1                    | 1               |
| Smt. Amrita Sethi             | W. T. Director           | 5                             | 2                         | --                   | --              |
| Shri Sushil Patni             | Non-Executive            | 5                             | --                        | 3                    | 2               |
| Shri Anil Rathi               | Non-Executive            | 5                             | 3                         | 3                    | --              |
| Shri Bansi Lal Baid*          | Non-Executive            | 1                             | --                        | --                   | --              |
| Shri Shri Praveen Badjatya \$ | Non-Executive            | 4                             | --                        | 2                    | --              |

\* Shri Bansi Lal Baid resigned on 15 July 2010

\$ Shri Praveen Kumar Badjatya was appointed on 15 July 2010

### 3. Board Procedure

The Board meets at least once in a calendar quarter to review the overall business operations including considering 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 four times during the year under review on 30th April 2010, 15th July 2010, 30th October 2010 and 29th January 2011.

### 4. AUDIT COMMITTEE

The audit committee consists of the following directors:-

| Name of Director                | No. of Meetings held | No. of meetings attended |
|---------------------------------|----------------------|--------------------------|
| 1. Shri Sushil Patni (Chairman) | 04                   | 04                       |
| 2. Shri Bansi Lal Baid          | 04                   | 03                       |
| 3. Shri Anil Rathi              | 04                   | 04                       |

All the members of the committee are independent and possess knowledge of finance, accounts and company law. The functions of the Audit Committee are as per the Companies Act and Listing Agreement with stock exchange(s). These include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.

### 5. 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 2010-11 is as under:-

|   |   |               |
|---|---|---------------|
| Shri A. K. Sethi (Managing Director)    | - | Rs 26.30 Lacs |
| Smt. Amrita Sethi (Whole-time Director) | - | Rs 06.58 Lacs |

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

1. Shri Sushil Patni (Chairman)
2. Shri Praveen Badjatya
3. Shri Anil Rathi

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

The Company has constituted a Shareholders' / Investors' Grievances Committee. The Members of the committee are as under:

1. Shri Atul Kumar Sethi (Chairman)
2. Shri Sushil Patni
3. Shri Anil Rathi

The Committee is to oversee the effective redressal of the complaints of the Shareholders such as transfer of shares, dematerialization, non-receipt of balance sheet etc. The Committee also recommends steps to be taken for further improvement in the quality of service to the investors. The Share Transfer Agent/Company has sent replies to shareholders in respect of all the complaints received during the financial year.

### 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

|            |         |                   |            |
|------------|---------|-------------------|------------|
| 25-09-2008 | 2007-08 | Registered office | 10:30 a.m. |
| 25-09-2009 | 2008-09 | Registered office | 10:30 a.m. |
| 30-09-2010 | 2009-10 | Registered office | 10:30 a.m. |

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.

**9. DISCLOSURES**

- (a) Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No. 7 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2011. 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.

**10. MEANS OF COMMUNICATIONS**

The Company publishes its quarterly results in accordance with the Stock Exchange Listing Agreement in newspapers viz. "Free Press" (English) and "Choutha Sansar" (Hindi).

**11. SHAREHOLDERS INFORMATION****(a) ANNUAL GENERAL MEETING**

Date: 30<sup>th</sup> Septemeber, 2011

Day: Friday

Time & Venue: 10:30 a.m. at the registered office of the company at Plot No. 15, Sector II, Industrial Area, Pithampur (M. P.)

**(b) FINANCIAL CALENDAR**

(Tentative)

(i) Results for the quarter ending 30-06-2011:

July, 2011

(ii) Results for the quarter ending 30-09-2011:

October, 2011

(iii) Results for the quarter ending 31-12-2011:

January, 2012

(iv) Results for the quarter ending 31-03-2012:

April, 2012

**(c) DATES OF BOOK CLOSURE**

29-09-2011 to 30-09-2011 (Both days inclusive)

**(d) LISTING OF SHARES ON STOCK EXCHANGES**

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

**(e) STOCK CODE**

: Scrip Code: BSE 527005

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

**(f) REGISTRAR AND TRANSFER AGENT**

: Ankit Consultancy Pvt. Ltd.

60, Electronics Complex,

Pardeshipura, Indore (M.P.) -452001

**(g) 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.

**(h) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2011****(i) SHAREHOLDING PATTERN AS ON 31-03-2011**

| Sr. No. | Category                 | No. of Shares Held | Percentage of Shareholding |
|---------|--------------------------|--------------------|----------------------------|
| 1.      | Promoters                | 807147             | 22.42                      |
| 2.      | Private Corporate Bodies | 221011             | 6.14                       |
| 3.      | Indian Public            | 1845047            | 51.26                      |
| 4.      | NRIs/OCBs                | 726195             | 20.18                      |
|         | <b>TOTAL</b>             | <b>3599400</b>     | <b>100.00</b>              |

**(j) DEMATERIALIZATION OF SHARES AND LIQUIDITY**

2017724 shares were dematerialized till 31-03-2011 which is 56.06% of the total paid up equity share capital of the Company. Trading in shares of the Company is permitted in dematerialized form only.

**(k) STOCK MARKET DATA**

Table 1 gives the monthly high and low quotations as well the volume of shares traded at Bombay Stock Exchange during 2010-11.

**Table 1: Monthly highs and lows and volumes traded at the BSE, 2010-11**

| Year     | High(Rs.) | Low(Rs.) | Close(Rs.) |
|----------|-----------|----------|------------|
| Mar 2011 | 40.90     | 32.65    | 38.30      |
| Feb 2011 | 40.95     | 33.50    | 37.10      |
| Jan 2011 | 42.70     | 35.05    | 40.60      |
| Dec 2010 | 39.00     | 32.20    | 37.00      |
| Nov 2010 | 42.00     | 32.50    | 35.65      |
| Oct 2010 | 43.95     | 34.05    | 36.15      |
| Sep 2010 | 43.00     | 34.00    | 35.85      |
| Aug 2010 | 46.40     | 38.50    | 38.60      |
| Jul 2010 | 44.90     | 37.90    | 43.30      |
| Jun 2010 | 45.60     | 37.20    | 41.45      |
| May 2010 | 42.90     | 35.75    | 39.00      |
| Apr 2010 | 40.95     | 34.50    | 38.10      |

**(l) PLANT LOCATION**

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

**(j) ADDRESS OF CORRESPONDENCE:**

Investors correspondence should be address to :  
Ankit Consultancy Pvt. Ltd.,  
60, Electronics Complex,  
Pardeshipura, Indore (M.P.) -452001

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

In accordance with Clause 49 (l) (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, 2011.

Place: Indore

Date: 29<sup>th</sup> August, 2011

For and on behalf of the Board of Directors of

Shri Atul Kumar Sethi  
Managing Director

**CERTIFICATE CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The Board of Directors,  
Shree Pacetronix Ltd.

Dear Sirs,

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31<sup>st</sup> March 2011 and that to the best of their knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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
- No significant change in internal control over financial reporting during the year
  - No significant change in accounting policies during the year under review and
  - No instance of any fraud in the company in which the management has any role.

Place : Indore

Date : 29<sup>th</sup> August, 2011

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

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of condition of Corporate Governance by **Shree Pacetronix Limited** for the year ended 31st March 2011, as stipulated in clause 49 of the listing Agreements of the Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2011, no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Company.

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

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

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

PLACE : Indore  
DATE : 29th August, 2011

## Auditors' Report on Consolidated Financial Statements

To,  
The Board of Directors of  
Shree Pacetronix Ltd.

We have audited the attached Consolidated Balance Sheet of Shree Pacetronix Limited and its Subsidiary at 31st March 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Shree Pacetronix Limited Management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We have audited the financial statements of a subsidiary viz. Shree Coratomic Limited. The attached consolidated financial statements include net assets of Rs. 106.04 Lacs as at 31st March 2011 and revenue of Rs. 80.97 Lacs and net cash flows amounts to Rs. (-)9.61 Lacs for the year then ended. We report that the consolidated financial statements have been prepared by Shree Pacetronix Limited's management in accordance with the requirements of Accounting Standard 21 - "Consolidated Financial Statements," notified by the Companies (Accounting Standards) Rules, 2006.

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

- a) in case of the consolidated Balance Sheet, of the state of affairs of Shree Pacetronix Limited and its subsidiary as at 31st March, 2011; and
- b) in case of the consolidated Profit and Loss account, of the Loss for the year ended on that date and
- c) in case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

PLACE : INDORE  
DATE : 29th August 2011

For : S.R.Naredi & Co.  
Chartered Accountants  
Registration No. 002818C  
(CA. S. R. Naredi)  
Proprietor  
Membership No. 72014

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2011

| PARTICULARS                                   | SCHEDULE No. | AS AT             |                   |
|---|--------------|-------------------|-------------------|
|   |              | 31.03.2011<br>Rs. | 31.03.2010<br>Rs. |
| <b><u>SOURCES OF FUNDS</u></b>                |              |                   |                   |
| <b>A SHARE HOLDERS' FUNDS</b>                 |              |                   |                   |
| Share Capital                                 | A            | 35994000          | 35994000          |
| Reserves & Surplus                            | B            | <u>14620837</u>   | <u>16987398</u>   |
|   |              | 50614837          | 52981398          |
| <b>B LOAN FUNDS</b>                           |              |                   |                   |
| Secured Loans                                 | C            | 29688744          | 31663287          |
| Unsecured Loans                               | D            | <u>1555511</u>    | <u>1708279</u>    |
|   |              | 31244255          | 33371566          |
| <b>C MINORITY INTEREST</b>                    |              |                   |                   |
|   |              | 6341              | 6398              |
| <b>D DEFERRED TAX LIABILITIES (NET)</b>       |              |                   |                   |
|   |              | -                 | 801026            |
|   |              | <u>81865433</u>   | <u>87160388</u>   |
| <b><u>APPLICATION OF FUNDS</u></b>            |              |                   |                   |
| <b>A FIXED ASSETS</b>                         |              |                   |                   |
| Gross Block                                   | E            | 91100750          | 85311758          |
| Less: Depreciation and Amortisation           |              | <u>44777563</u>   | <u>39311652</u>   |
| Net Block                                     |              | 46323187          | 46000106          |
| <b>B DEFERRED TAX ASSETS (NET)</b>            |              |                   |                   |
|   |              | 135171            | -                 |
| <b>C CURRENT ASSETS, LOANS &amp; ADVANCES</b> |              |                   |                   |
| Inventories                                   | F            | 17357289          | 18804690          |
| Sundry Debtors                                | G            | 13355694          | 17448562          |
| Cash & Bank Balances                          | H            | 6560979           | 7077985           |
| Loans & Advances                              | I            | <u>6508780</u>    | <u>6902368</u>    |
|   |              | 43782742          | 50233605          |
| Less: Current Liabilities & Provisions        | J            | <u>8375667</u>    | <u>9073323</u>    |
|   |              | 35407075          | 41160282          |
| <b>D MISCELLANEOUS EXPENDITURE</b>            |              |                   |                   |
| Preliminary Expenses                          |              |                   |                   |
|   |              | <u>81865433</u>   | <u>87160388</u>   |
| <b>NOTES ON ACCOUNTS</b>                      |              |                   |                   |
|   | T            |                   |                   |

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

(CA S. R. Naredi)  
Proprietor

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

ATUL KUMAR SETHI  
Managing Director

AMITA SETHI  
Whole time Director

SUSHIL PATNI  
Director

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

| PARTICULARS   | SCHEDULE No. | Year Ended<br>31.03.2011<br>Rs. | Year Ended<br>31.03.2010<br>Rs. |
|---|--------------|---------------------------------|---------------------------------|
| <b>INCOME</b>                                       |              |                                 |                                 |
| Sales   | K            | 57114874                        | 60953696                        |
| Other Income  | L            | 540982                          | 1124146                         |
| Increase (+) / Decrease (-) in Stock                | M            | 1829986                         | -622277                         |
|   |              | <b>59485842</b>                 | <b>61455565</b>                 |
| <b>EXPENDITURE</b>                                  |              |                                 |                                 |
| Material Cost                                       | N            | 20900996                        | 20096720                        |
| Manufacturing Expenses                              | O            | 4284447                         | 2923532                         |
| Employees Remuneration & Benefits                   | P            | 14799144                        | 15150758                        |
| Administrative Expenses                             | Q            | 8317087                         | 7797249                         |
| Selling & Distribution Expenses                     | R            | 6615859                         | 5583996                         |
| Interest  | S            | 3688487                         | 3263455                         |
| Depreciation and Amortization                       |              | 5465912                         | 4721420                         |
| Preliminary Expenses W/off                          |              | -                               | 5560                            |
|   |              | <b>64071932</b>                 | <b>59542690</b>                 |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>               |              | <b>-4586090</b>                 | <b>1912875</b>                  |
| Add: Excess provision written back                  |              | 1243054                         | -                               |
| <b>PROFIT FOR THE YEAR</b>                          |              | <b>-3343036</b>                 | <b>1912875</b>                  |
| Less: Provision for Taxation                        |              |                                 |                                 |
| Income Tax  |              | -40220                          | 964020                          |
| Fringe Benefit Tax                                  |              | -                               | 170543                          |
| Deferred Tax  |              | 936198                          | -332546                         |
| <b>PROFIT FOR THE YEAR AFTER TAX</b>                |              | <b>-2366618</b>                 | <b>1110858</b>                  |
| Less : Minority Interest                            |              | -57                             | -399                            |
| Balance brought forward from last year              |              | 10814290                        | 9703033                         |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>             |              | <b>8447729</b>                  | <b>10814290</b>                 |
| <b>NOTES ON ACCOUNTS</b>                            |              |                                 |                                 |
| Weighted Average Number of Equity Shares            | T            | 3599400                         | 3599400                         |
| Face Value per Equity Share                         |              | 10                              | 10                              |
| <b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b> |              | <b>(-)0.66</b>                  | <b>0.31</b>                     |

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

(S. R. Naredi)  
Proprietor

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> MARCH 2011**

**SCHEDULE : T : NOTES ON ACCOUNTS****1. Significant Accounting Policies :****A. 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.

**B. Use of Estimates :**

The preparation of consolidated financial statements 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.

**C. 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.
- (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. 31<sup>st</sup> March.
- (iv) The excess / deficit of cost to the parent company of its investment in subsidiary company over its share of equity at the date on which the investment in subsidiary was made, is recognized as 'Goodwill / Capital Reserve' in the consolidated financial statements.
- (v) Minority interest in the net asset of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by the parent company in the subsidiary and further movements in their share in the equity subsequent to the date of investment.

**D. Fixed Assets :**

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

**E. Depreciation/Amortisation :**

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

**F. Intangible assets :**

Intangible asset are stated at cost of acquisition less accumulated amortization. Technical know-how 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.
- 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 :**

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

**K. Employees Benefits :**

- 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.
- Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of Rs 10.44 Lacs remains outstanding which is computed based on Projected Unit Credit Method and company made provision of Rs 1.65 Lacs during the year.

**L. Taxation :**

Provision for current tax has been made on the basis of estimated taxable income for the current year and in accordance with the provisions as per 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.

- 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 %                                    |

- 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.
- 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".

**5. 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                 | 52682560<br>(56814019) | 4973296<br>(5263823) | 57655856<br>(62077842) |
| 2 Carrying cost of Segment assets | 89607303<br>(88150466) | 633797<br>(8083246)  | 90241100<br>(96233712) |
| 3 Addition to Fixed Assets        | 5788992<br>(10901022)  | Nil<br>(Nil)         | 5788992<br>(10901022)  |

(Previous year figures are in brackets)

**6. Related Party disclosures :**

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

**I. Relationship****a. Holding /Subsidiary Company :**

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

**b. Key Management Personnel :**

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

**c. Other related parties where control exist : NIL****d. Relatives of Key Management personnel and their enterprises where transactions have taken place :**

Smt. Heera Sethi.

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

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

| Nature of Transactions | Referred in I (b)<br>Above | Referred in I (c)<br>Above | Referred in I (d)<br>Above |
|------------------------|----------------------------|----------------------------|----------------------------|
| 1 .Rent                | 660000<br>(420000)         | Nil<br>(Nil)               | 120000<br>(420000)         |
| 2. Remuneration        | 3288000<br>(3288000)       | Nil<br>(Nil)               | Nil<br>(160000)            |

(Previous year figures are in brackets)

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

| Particulars  | As At<br>31.03.2011 | As At<br>31.03.2010 |
|--|---------------------|---------------------|
| Deferred Tax Liabilities On account Depreciation   | 2940082             | 2589846             |
| Deferred Tax Assets on account of Accrued Expenses deductible on payment basis, unabsorbed depreciation and losses | 3075253             | 1788820             |
| Net deferred Tax Liabilities/(Assets)  | (135171)            | 801026              |

**8. Contingent liabilities not provided for :-**

|  |            |            |
|--|------------|------------|
| (i) Guarantees given by bank           | 64.60 Lacs | 65.60 Lacs |
| (ii) The disputed demand on Income Tax | 2.80 Lacs  | 19.19 Lacs |

**9. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)**

16.70 122.67

10. Figure pertaining to the subsidiary company have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

11. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with current year.

12. 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

(S. R. Naredi)  
Proprietor

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

ATUL KUMAR SETHI  
Managing Director

AMITA SETHI  
Whole time Director

SUSHIL PATNI  
Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

|   | (Rs. in lacs) |                |
|---|---------------|----------------|
|   | 2010-11       | 2009-10        |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |               |                |
| Net Profit before Tax & Extraordinary items<br>as per profit & loss account | -45.86        | 19.13          |
| Add(+)/Deduct(-)  |               |                |
| Depreciation  | 54.66         | 47.21          |
| Interest Income   | -4.04         | -4.24          |
| Preliminary Expenses W/off  |               | 0.06           |
| Profit on sale of assets  |               | -2.49          |
| Excess Provision written back   | 12.43         |                |
| Interest  | 36.88         | 32.63          |
| Operating Cash Profit before working capital changes                        | 99.93         | 73.17          |
| Add(+)/Deduct(-)  | 54.07         | 92.30          |
| Trade & other Receivable  | 44.86         | -71.59         |
| Inventories   | 14.47         | 19.32          |
| Trade Payable & other liabilities   | 2.38          | -14.76         |
|   | 61.72         | -67.03         |
| Cash Generation from Operations   | 115.79        | 25.27          |
| Deduct (-) Direct Taxes Paid  | -8.95         | -2.02          |
|   | -8.95         | -2.02          |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                   | <b>106.84</b> | <b>23.25</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |               |                |
| Inflow / outflow (-)  |               |                |
| Sale of Fixed assets  |               | 5.26           |
| Purchase of Assets  | -57.89        | -123.97        |
| Interest Recd   | 4.04          | 4.24           |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                                   | <b>-53.85</b> | <b>-114.47</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |               |                |
| Inflow / outflow (-)  |               |                |
| Proceeds from Long Term Borrowings (Net)                                    | -9.16         | 96.67          |
| Proceeds from Short Term Borrowings (Net)                                   | -12.11        | 33.26          |
| Interest Paid   | -36.88        | -32.63         |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                   | <b>-58.16</b> | <b>97.30</b>   |
| <b>NET INCREASE / DECREASE (-) IN CASH AND<br/>CASH EQUIVALENTS (A+B+C)</b> | <b>-5.17</b>  | <b>6.08</b>    |
| <b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>                             | <b>70.78</b>  | <b>64.70</b>   |
| <b>CASH /CASH EQUIVALENTS AT END OF THE YEAR</b>                            | <b>65.61</b>  | <b>70.78</b>   |

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

(S. R. Naredi)  
Proprietor

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

ATUL KUMAR SETHI  
Managing Director

AMITA SETHI  
Whole time Director

SUSHIL PATNI  
Director

**AUDITORS' REPORT**

To  
The Members of  
Shree Pacetronix Limited

1. We have audited the attached Balance sheet of Shree Pacetronix Limited, as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) in our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and,
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011; and
    - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and,
    - c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

For: S.R. NAREDI & CO.  
Chartered Accountants  
Firm Reg. No. 002818C  
(CA S.R. Naredi)  
Proprietor  
Membership No. 72014

Place: INDORE  
Date : 29th August 2011

**ANNEXURE TO THE AUDITORS' REPORT****ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011 OF SHREE PACETRONIX LIMITED.**

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

- (i) In respect of its fixed assets:
  - a. The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories:
  - a. As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are found reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us there were no material discrepancies noticed on physical verification between the physical stock and the book records.
- (iii) a. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.

- b. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control systems of the Companies.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) a. According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b. According to the information and explanation given to us, no undisputed amounts payable in respect of the statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company were in arrears as at 31st March, 2011 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 (Rs. 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  
(CA. S. R. Naredi)  
Proprietor  
Membership No. 72014

PLACE : INDORE

DATE : 29th August 2011

## BALANCE SHEET AS AT 31ST MARCH 2011

| PARTICULARS                                   | SCHEDULE No. | AS AT             |                   |
|---|--------------|-------------------|-------------------|
|   |              | 31.03.2011<br>Rs. | 31.03.2010<br>Rs. |
| <b>SOURCES OF FUNDS</b>                       |              |                   |                   |
| <b>A SHARE HOLDERS' FUNDS</b>                 |              |                   |                   |
| Share Capital                                 | A            | 35994000          | 35994000          |
| Reserves & Surplus                            | B            | 15412596          | 17675146          |
|   |              | 51406596          | 53669146          |
| <b>B LOAN FUNDS</b>                           |              |                   |                   |
| Secured Loans                                 | C            | 29688743          | 31663287          |
| Unsecured Loans                               | D            | 1520899           | 1150188           |
|   |              | 31209642          | 32813475          |
| <b>C DEFERRED TAX LIABILITIES (NET)</b>       |              |                   |                   |
| (Refer Note 9)                                |              | 198720            | 1105667           |
|   |              | 82814958          | 87588288          |
| <b>APPLICATION OF FUNDS</b>                   |              |                   |                   |
| <b>A FIXED ASSETS</b>                         |              |                   |                   |
| Gross Block                                   | E            | 82410962          | 76621970          |
| Less: Depreciation and Amortisation           |              | 41725665          | 37100744          |
| Net Block                                     |              | 40685297          | 39521226          |
| <b>B INVESTMENTS</b>                          |              |                   |                   |
|   | F            | 8000000           | 8000000           |
| <b>C CURRENT ASSETS, LOANS &amp; ADVANCES</b> |              |                   |                   |
| Inventories                                   | G            | 16995939          | 18804690          |
| Sundry Debtors                                | H            | 13237080          | 17787068          |
| Cash & Bank Balances                          | I            | 6528523           | 6085053           |
| Loans & Advances                              | J            | 5692721           | 6433413           |
|   |              | 42454263          | 49110224          |
| Less: Current Liabilities & Provisions        | K            | 8324602           | 9043162           |
|   |              | 34129661          | 40067062          |
|   |              | 82814958          | 87588288          |
| <b>NOTES ON ACCOUNTS</b>                      |              |                   |                   |
|   | U            |                   |                   |

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

| PARTICULARS   | SCHEDULE No. | Year Ended<br>31.03.2011 | Year Ended<br>31.03.2010 |
|---|--------------|--------------------------|--------------------------|
| <b>INCOME</b>                                       |              |                          |                          |
| Sales   | L            | 55543530                 | 59550725                 |
| Other Income  | M            | 528142                   | 1117146                  |
| Increase (+) / Decrease (-) in Stock                | N            | 1468636                  | -622276                  |
|   |              | <u>57540308</u>          | <u>60045595</u>          |
| <b>EXPENDITURE</b>                                  |              |                          |                          |
| Material Cost                                       | O            | 20863046                 | 20057800                 |
| Manufacturing Expenses                              | P            | 4284447                  | 2923532                  |
| Employees Remuneration & Benefits                   | Q            | 14720682                 | 15075894                 |
| Administrative Expenses                             | R            | 8020809                  | 7575508                  |
| Selling & Distribution Expenses                     | S            | 5874314                  | 4893201                  |
| Interest  | T            | 3604859                  | 3207811                  |
| Depreciation and Amortisation                       |              | 4624921                  | 3858396                  |
|   |              | <u>61993078</u>          | <u>57592142</u>          |
| <b>PROFIT FOR THE YEAR BEFORE TAX</b>               |              | -4452771                 | 2453453                  |
| Add: Excess provision written back                  |              | 1243054                  | -                        |
| <b>PROFIT FOR THE YEAR</b>                          |              | <u>-3209717</u>          | <u>2453453</u>           |
| Less: Provision for Taxation                        |              |                          |                          |
| Income Tax  |              | -40220                   | 964020                   |
| Fringe Benefit Tax                                  |              | -                        | 87212                    |
| Add Deferred Tax                                    |              | 906947                   | 165507                   |
| <b>PROFIT FOR THE YEAR AFTER TAX</b>                |              | <u>-2262549</u>          | <u>1567728</u>           |
| Balance brought forward from last year              |              | 11502038                 | 9934310                  |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>             |              | <u>9239488</u>           | <u>11502038</u>          |
| <b>NOTES ON ACCOUNTS</b>                            | U            |                          |                          |
| Weighted Average Number of Equity Shares            |              | 3599400                  | 3599400                  |
| Face Value per Equity Share                         |              | 10                       | 10                       |
| <b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b> |              | -0.63                    | 0.44                     |

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

(CA. S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## SCHEDULES FORMING PART OF THE BALANCE SHEET

|  | <u>31.03.2011</u> | <u>31.03.2010</u> |
|--|-------------------|-------------------|
| <b>SCHEDULE : A : SHARE CAPITAL</b>  |                   |                   |
| <b>AUTHORISED</b>  |                   |                   |
| 50,00,000 Equity Shares of Rs. 10/- each<br>(Previous Year 50,00,000 Equity shares of<br>Rs. 10/- each)          | 50000000          | 50000000          |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>  |                   |                   |
| 3599400 Equity Shares of Rs. 10/- fully paid up (Previous Year<br>3599400 Equity shares of Rs.10/-fully paid up) | 35994000          | 35994000          |
| <b>TOTAL</b>   | <b>35994000</b>   | <b>35994000</b>   |
| <b>SCHEDULE : B : RESERVES &amp; SURPLUS</b>   |                   |                   |
| <b>CAPITAL RESERVE</b>   |                   |                   |
| Capital Subsidy  | 1500000           | 1500000           |
| Securities Premium   | 4673108           | 4673108           |
| Surplus as per Profit & Loss Account Annexed   | 9239488           | 11502038          |
| <b>TOTAL</b>   | <b>15412596</b>   | <b>17675146</b>   |
| <b>SCHEDULE : C : SECURED LOANS</b>  |                   |                   |
| <b>A. TERM LOAN</b>  |                   |                   |
| ICICI Bank Car Loan (Refer Note 3(i))  | 175784            | 267994            |
| HDFC Bank Car Loan (Refer Note 3(ii))  | 639805            | 1123338           |
| Bank of India (Refer Note 3(iii))  | 10192239          | 10532533          |
| <b>B. WORKING CAPITAL LOAN</b>   |                   |                   |
| Bank of India - Cash Credit (Refer Note 3(iv))   | 18680916          | 19739422          |
| <b>TOTAL</b>   | <b>29688743</b>   | <b>31663287</b>   |
| <b>SCHEDULE : D : UNSECURED LOANS</b>  |                   |                   |
| ICICI Bank Ltd, Indore   | 1520899           | 1150188           |
| <b>TOTAL</b>   | <b>1520899</b>    | <b>1150188</b>    |
| <b>SCHEDULE : F : INVESTMENTS (AT COST)</b>  |                   |                   |
| <b>I. Long Term Investments</b>  |                   |                   |
| <b>a. Investment in shares of Subsidiary Company (unquoted)</b>  |                   |                   |
| 8,00,000 fully paid-up equity shares of Rs.10/- each of<br>Shree Coratomic Ltd                                   | 8000000           | 8000000           |
| <b>TOTAL</b>   | <b>8000000</b>    | <b>8000000</b>    |
| <b>SCHEDULE : G : INVENTORIES</b>  |                   |                   |
| Raw Materials  | 6396606           | 9673993           |
| Stock In Process   | 3870000           | 2442880           |
| Finished Goods   | 5919033           | 6254843           |
| Traded Goods   | 810300            | 432974            |
| <b>TOTAL</b>   | <b>16995939</b>   | <b>18804690</b>   |
| <b>SCHEDULE : H : SUNDRY DEBTORS</b>   |                   |                   |
| (Unsecured, Considered good)   |                   |                   |
| Exceeding Six Months   | 1843778           | 1602278           |
| Others   | 11393302          | 16184790          |
| <b>TOTAL</b>   | <b>13237080</b>   | <b>17787068</b>   |
| <b>SCHEDULE : I : CASH &amp; BANK BALANCES</b>   |                   |                   |
| Cash in Hand   | 640184            | 353594            |
| Balance with Banks   |                   |                   |
| In Fixed Deposits Accounts   | 4768950           | 4590996           |
| Accrued Interest on FDR  | 670919            | 689574            |
| Bank of India - Dividend Account   | 448470            | 450889            |
| <b>TOTAL</b>   | <b>6528523</b>    | <b>6085053</b>    |

SCHEDULE : E : FIXED ASSETS

| Particulars                               | GROSS BLOCK (AT COST) |                 |                | DEPRECIATION        |                     |                 |                 | NET BLOCK           |                     |                     |
|---|-----------------------|-----------------|----------------|---------------------|---------------------|-----------------|-----------------|---------------------|---------------------|---------------------|
|   | As on<br>31.03.2010   | Additions       | Deductions     | As on<br>31.03.2011 | Up to<br>31.03.2010 | For the<br>Year | Written<br>Back | Up to<br>31.03.2011 | As on<br>31.03.2011 | As on<br>31.03.2010 |
| <b><u>A. FIXED ASSETS</u></b>             |                       |                 |                |                     |                     |                 |                 |                     |                     |                     |
| LEASE HOLD LAND                           | 193350                |                 |                | 193350              |                     |                 |                 |                     | 193350              | 193350              |
| BUILDINGS                                 | 9850611               | 1690966         |                | 11541577            | 5286800             | 494299          |                 | 5781099             | 5760478             | 4563811             |
| PLANT & MACHINERIES                       | 32480623              | 6559093         |                | 39039716            | 21100171            | 2244225         |                 | 23344396            | 15695320            | 11380452            |
| FURNITURE & FIXTURES                      | 3276969               | 58416           |                | 3335385             | 2425126             | 159521          |                 | 2584647             | 750738              | 851843              |
| VEHICLES                                  | 6000800               |                 |                | 6000800             | 3135598             | 741801          |                 | 3877399             | 2123401             | 2865202             |
| OFFICE EQUIPMENTS                         | 1155456               | 73450           |                | 1228906             | 733012              | 67178           |                 | 800190              | 428716              | 422444              |
| COMPUTERS                                 | 2649699               | 76152           |                | 2725851             | 2268507             | 161305          |                 | 2429812             | 296039              | 381192              |
| INTANGIBLE ASSETS                         | 7565940               |                 |                | 7565940             | 1906138             | 756594          |                 | 2662732             | 4903208             | 5659802             |
| TEMPORARY SHED                            | 245392                |                 |                | 245392              | 245392              |                 |                 | 245392              |                     |                     |
| <b><u>B. CAPITAL WORK IN PROGRESS</u></b> | 13203130              | 3412200         | 6081285        | 10534045            |                     |                 |                 |                     | 10534045            | 13203130            |
| <b>TOTAL</b>                              | <b>76621970</b>       | <b>11870277</b> | <b>6081285</b> | <b>82410962</b>     | <b>37100744</b>     | <b>4624921</b>  |                 | <b>41725665</b>     | <b>40685297</b>     | <b>39521226</b>     |
| PREVIOUS YEAR                             | 65720948              | 15789302        | 4888280        | 76621970            | 34460876            | 3858396         | 1218528         | 37100744            | 39521226            | 31260072            |

## SCHEDULES TO THE ACCOUNTS

|  | 31.03.2011      | 31.03.2010      |
|--|-----------------|-----------------|
| <b>SCHEDULE : J : LOANS &amp; ADVANCES</b>   |                 |                 |
| (Unsecured, Considered good)   |                 |                 |
| Advance recoverable in cash or in kind or<br>for value to be received                | 5692721         | 6433413         |
| <b>TOTAL</b>   | <b>5692721</b>  | <b>6433413</b>  |
| <b>SCHEDULE : K : CURRENT LIABILITIES &amp; PROVISIONS</b>                           |                 |                 |
| <b>(A) CURRENT LIABILITIES</b>   |                 |                 |
| Sundry Creditors (Refer Note 4)  |                 |                 |
| Due to micro, small and medium enterprises   | 257228          | 2738            |
| Other creditors  | 6575381         | 5272662         |
| Unclaimed Dividend   | 448470          | 450889          |
| <b>(B) PROVISIONS</b>  |                 |                 |
| Provision for Taxation   | --              | 935600          |
| Provision for Gratuity   | 1043523         | 2381273         |
| <b>TOTAL</b>   | <b>8324602</b>  | <b>9043162</b>  |
| <b>SCHEDULE : L : SALES</b>  |                 |                 |
| Sales  | 55543530        | 59550725        |
| Add: VAT on Sales  | 2264211         | 2426882         |
|  | 57807741        | 61977607        |
| Less : VAT / Sales Tax Paid  | 1997821         | 2302383         |
| VAT on Purchase  | 266390          | 124499          |
| <b>TOTAL</b>   | <b>55543530</b> | <b>59550725</b> |
| <b>SCHEDULE : M : OTHER INCOME</b>   |                 |                 |
| Interest Received from bank & others<br>(TDS Rs. 41735/- (Previous Year Rs. 40025/-) | 391121          | 416593          |
| Foreign Exchange Fluctuations  | 65091           | 415282          |
| Profit on Sale of Fixed Assets   | --              | 248823          |
| Other Income   | 71930           | 36448           |
| <b>TOTAL</b>   | <b>528142</b>   | <b>1117146</b>  |
| <b>SCHEDULE : N : INCREASE (+) / DECREASE (-) IN STOCK</b>                           |                 |                 |
| Opening Stock  |                 |                 |
| Finished Goods   | 6254843         | 7354620         |
| Stock in Process   | 2442880         | 1976249         |
| Traded Goods   | 432974          | 422104          |
| <b>TOTAL</b>   | <b>9130697</b>  | <b>9752973</b>  |
| Closing Stock  |                 |                 |
| Finished Goods   | 5919033         | 6254843         |
| Stock in Process   | 3870000         | 2442880         |
| Traded Goods   | 810300          | 432974          |
| <b>TOTAL</b>   | <b>10599333</b> | <b>9130697</b>  |
| INCREASE(+)/DECREASE(-) IN STOCK   | 1468636         | -622276         |
| <b>SCHEDULE : O : MATERIAL COST</b>  |                 |                 |
| <b>(i) Raw Materials Consumed</b>  |                 |                 |
| Opening Stock  | 9673993         | 10983253        |
| Add : Purchases  | 16250359        | 18382099        |
|  | 25924352        | 29365352        |
| Less: Closing Stock  | 6396606         | 9673993         |
| Raw Materials Consumed   | 19527746        | 19691359        |
| <b>(ii) Traded Goods</b>   |                 |                 |
| Purchases  | 1335300         | 366441          |
| <b>TOTAL (i + ii)</b>  | <b>20863046</b> | <b>20057800</b> |
| <b>SCHEDULE : P : MANUFACTURING EXPENSES</b>   |                 |                 |
| Consumables, Stores & Spares   | 171725          | 72894           |
| Power & Fuel Expenses  | 710803          | 728790          |
| Water Charges  | 14500           | 21958           |

## SCHEDULES TO THE ACCOUNTS

|   | 31.03.2011      | 31.03.2010      |
|---|-----------------|-----------------|
| Repairs to Plant & Machinery  | 249213          | 154999          |
| Laboratory Expenses   | 256164          | 155299          |
| Repair & Maintenance  | 365031          | 248914          |
| Job Work & Labour Charges   | 589611          | 433507          |
| Entry Tax   | 161010          | 215390          |
| Freight Inward  | 248621          | 178507          |
| Repairs to Buildings  | 308643          | 240429          |
| Lease Rent & Development Charges                                    | 13000           | 14407           |
| Insurance   | 48428           | 49976           |
| Fees for Technical Services   | 1147698         | 408462          |
| <b>TOTAL</b>  | <b>4284447</b>  | <b>2923532</b>  |
| <b><u>SCHEDULE : Q : EMPLOYEES REMUNERATION. &amp; BENEFITS</u></b> |                 |                 |
| Salaries, Wages, Bonus etc (Refer Note 11)                          | 14004836        | 14464657        |
| Staff Welfare Expenses  | 129820          | 153876          |
| Contribution to Provident and other funds                           | 586026          | 457361          |
| <b>TOTAL</b>  | <b>14720682</b> | <b>15075894</b> |
| <b><u>SCHEDULE : R : ADMINISTRATIVE EXPENSES</u></b>                |                 |                 |
| Travelling Expenses   | 3136790         | 3053207         |
| Telephone & Fax Charges   | 243200          | 284397          |
| Legal & Professional Charges  | 810968          | 849382          |
| Conveyance  | 91565           | 95142           |
| Misc. Expenses  | 465501          | 325389          |
| Courier & Postage Charges   | 99289           | 57473           |
| Rent  | 920200          | 892842          |
| Rates & Taxes   | 24540           | 11547           |
| Printing & Stationery   | 487161          | 366408          |
| Vehicles Running & Maintenance Exp                                  | 627598          | 550227          |
| Auditor's Remuneration  | 163500          | 202500          |
| Bank Charges  | 690544          | 489021          |
| VAT and Sales Tax   | 259953          | 397973          |
| <b>TOTAL</b>  | <b>8020809</b>  | <b>7575508</b>  |
| <b><u>SCHEDULE : S : SELLING &amp; DISTRIBUTION EXPENSES</u></b>    |                 |                 |
| Packing Material  | 129315          | 125773          |
| Advertisement Expenses  | 78748           | 85762           |
| Selling & Business Promotion Expenses                               | 2144747         | 1768883         |
| Commission  | 117590          | 626380          |
| Conference Expenses   | 1100125         | 151700          |
| Implantation Charges  | 1667000         | 1406823         |
| I S O Expenses  | 16545           | 198432          |
| Royalty   | 161667          | 241088          |
| Freight Outward   | 458577          | 288360          |
| <b>TOTAL</b>  | <b>5874314</b>  | <b>4893201</b>  |
| <b><u>SCHEDULE : T : INTEREST</u></b>                               |                 |                 |
| Interest on Term Loan   | 618617          | 193637          |
| Interest on TDS   | 14904           | 12798           |
| Interest-others   | 2971338         | 3001376         |
| <b>TOTAL</b>  | <b>3604859</b>  | <b>3207811</b>  |

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

PLACE : INDORE  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**SCHEDULE : U : NOTES ON ACCOUNTS**

Annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2011

**1. Significant Accounting Policies :****A. Basis of preparation of Financial Statements:**

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

**B. Use of Estimates :**

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

**C. Fixed Assets :**

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

**D. Intangible assets**

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment, if any. Technical know-how 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) Technical know-how 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 profit and loss account 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 "First-in-First-out". Cost of work in progress and finished goods is determined on absorption costing method.

**J. Revenue Recognition / Sales :**

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

**K. Employees benefits :**

1) Short term employees' contributions like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the Profit and loss account of that year in which the related services are rendered.

2) Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of Rs 10.44 Lacs remains outstanding which is computed based on Projected Unit Credit Method and company made provision of Rs 1.65 Lacs during the year.

**L. Borrowing Cost :**

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

**M. Provision for Tax :**

Provision for current tax has not made under the provisions of the Income Tax Act, 1961, considering loss for the current year. 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.

| Particulars                             | 2011     | 2010    |
|---|----------|---------|
| Net Profit for the year after tax       | -2262549 | 1567728 |
| Amount Available to Equity Shareholders | -2262549 | 1567728 |
| Weighted Average no. of shares          | 3599400  | 3599400 |
| Earning per share-Basic & Diluted       | -0.63    | 0.44    |
| Face value per equity share             | 10       | 10      |

- 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.
- Security of Loans
  - Term loan from ICICI bank is secured by hypothecation of car.
  - Term loan from HDFC bank is secured by hypothecation of car.
  - Term loan from Bank of India is secured by hypothecation of Plant and Machinery. It is further secured by First Charge over fixed assets of the company and personal guarantee of Managing Director, Shri Atul Kumar Sethi and Whole Time Director, Mrs Amita Sethi.
  - Cash Credit.**  
The cash credit facilities availed from Bank of India are secured by hypothecation of the Company's current assets consisting of stock of Finished Goods, Stock in Process, Raw Materials etc. and book debts both present and future. Further secured by extension of First Charge over fixed assets of the company and personal guarantee of Managing Director Shri Atul Kumar Sethi and Whole Time Director, Mrs Amita Sethi.
- 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
- Sundry Debtors includes Rs.25.62lacs (Previous Year Rs.23.35 lacs) due from the subsidiary company Shree Coratomic Limited.
- 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                 | 51098376<br>(55404048) | 4973296<br>(5263823) | 56071672<br>(60667871) |
| 2.Carrying cost of Segment assets | 90505763<br>(88548205) | 633797<br>(8083246)  | 91139560<br>(96631451) |
| 3.Addition to Fixed Assets        | 5788992<br>(10901022)  | Nil<br>(Nil)         | 5788992<br>(10901022)  |

(Previous year figures are in brackets)

**7 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 Sushil Patni : Director
- c. Other related parties where control exist : NIL
- d. Relatives of Key Management personnel : Smt. Heera Sethi.  
and their enterprises where transactions  
have taken place

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<br>(a)<br>Above | Referred in I<br>(b)<br>Above | Referred in I<br>(c)<br>Above | Referred in I<br>(d)<br>Above |
| 1. Sale of Goods / Fixed Assets<br>(excluding VAT) | 6512373<br>(5805115)          | Nil<br>(Nil)                  | Nil<br>(Nil)                  | Nil<br>(Nil)                  |
| 2. Rent  | Nil<br>(Nil)                  | 660000<br>(420000)            | Nil<br>(Nil)                  | 120000<br>(420000)            |
| 3. Remuneration                                    | Nil<br>(Nil)                  | 3288000<br>(3288000)          | Nil<br>(Nil)                  | Nil<br>(160000)               |
| 4. Receivable                                      | 2562178<br>(2334953)          | Nil<br>(Nil)                  | Nil<br>(Nil)                  | Nil<br>(Nil)                  |

(Previous year figures are in brackets)

**8 Payment to Auditors**

(Rs in Lacs)

| Particulars                | As At      | As At      |
|----------------------------|------------|------------|
|                            | 31.03.2011 | 31.03.2010 |
| i For services as Auditors | 0.51       | 0.51       |
| ii For Tax Audit           | 0.05       | 0.05       |
| iii For Other Services     | 1.08       | 1.47       |

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

| Particulars   | As At      | As At      |
|---|------------|------------|
|   | 31.03.2011 | 31.03.2010 |
| Deferred Tax Liabilities On account of Depreciation   | 2137645    | 1841480    |
| Deferred Tax Assets on account of Accrued Expenses deductible on<br>payment basis, unabsorbed depreciation. | 1938925    | 735813     |
| Net deferred Tax Liabilities  | 198720     | 1105667    |

**10 Quantitative & Other information.**

| A. Licensed & Installed<br>Capacity and Production | Licensed Capacity<br>Per annum | Installed* Capacity<br>per annum | Production Per<br>annum |
|--|--------------------------------|----------------------------------|-------------------------|
| 1. Pacemaker (in Nos)                              | 4800<br>(4800)                 | 4800<br>(4800)                   | 1949<br>(2048)          |

(Previous year figures are in brackets)

\* As Certified By the Management

|  | Quantity (in Nos) |          | Value(Rs.in Lacs) |          |
|--|-------------------|----------|-------------------|----------|
|  | 31.03.11          | 31.03.10 | 31.03.11          | 31.03.10 |
| B. <b>Opening Stock</b>  |                   |          |                   |          |
| (a) Pacemaker  | 211               | 270      | 62.55             | 73.55    |
| (b) Others   | -                 | -        | 4.33              | 4.22     |
| C. <b>Purchases (Net) of Traded Goods</b>  |                   |          |                   |          |
| (a) Pacemaker  | -                 | -        | -                 | -        |
| (b) Others   | -                 | -        | 13.35             | 3.66     |
| D. <b>Turnover of Goods produces / Purchased</b>   |                   |          |                   |          |
| (a) Pacemaker  | 1948              | 2107     | 548.69            | 591.98   |
| (b) Others   | -                 | -        | 6.75              | 3.53     |
| E. <b>Closing Stock</b>  |                   |          |                   |          |
| (a) Pacemaker  | 212               | 211      | 59.19             | 62.55    |
| (b) Others   | -                 | -        | 8.10              | 4.33     |
| F. <b>RAW MATERIALS CONSUMED :</b>   |                   |          | 195.28            | 196.92   |
| G. <b>Imported and Indigenous Consumption :</b>  |                   |          |                   |          |
| Imported   |                   |          | 154.71            | 161.44   |
| (in %)   |                   |          | 79.22%            | 81.98%   |
| Indigenous   |                   |          | 40.57             | 35.48    |
| (in %)   |                   |          | 20.78%            | 18.02%   |
| H. <b>C I F Value of Imports during the year</b>   |                   |          |                   |          |
| Raw Materials.   |                   |          | 127.01            | 136.27   |
| Traded Goods   |                   |          | 0.00              | 3.66     |
| Fixed Assets   |                   |          | 5.97              | 66.34    |
| I. <b>Expenditure in Foreign Currency</b>  |                   |          |                   |          |
| Fees for Technical Services  |                   |          | 4.39              | 4.08     |
| Others   |                   |          | 0.00              | 8.56     |
| Royalty  |                   |          | 1.62              | 2.41     |
| J. <b>Remittance in Foreign Currency on account of dividends</b>   |                   |          | -                 | -        |
| K. <b>Earnings in Foreign Exchange.</b>  |                   |          |                   |          |
| Export of Goods  |                   |          | 49.73             | 52.64    |
| 11 <b>Managerial Remuneration</b>  |                   |          |                   |          |
| Managing Director  |                   |          | 24.00             | 24.00    |
| Whole time Director  |                   |          | 6.00              | 6.00     |
| Contribution to P.F.   |                   |          | 2.88              | 2.88     |
| 12 <b>Contingent liabilities not provided for in respect of :-</b>   |                   |          |                   |          |
| a) Guarantee given by Banks  |                   |          | 64.60             | 64.60    |
| b) Disputed demands of Income-Tax  |                   |          | 2.80              | 19.19    |
| 13 <b>Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).</b>  |                   |          | 16.70             | 122.67   |
| 14 <b>Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year.</b> |                   |          |                   |          |
| 15 <b>The figures have been rounded off to the nearest rupee.</b>  |                   |          |                   |          |

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

|          |  |       |   |
|----------|--|-------|---|
| <b>1</b> | <b>Registration Details</b>  | :     |   |
|          | Registration No.   | :     | 04317 of 1988                               |
|          | State Code   | :     | 10  |
|          | Balance Sheet Date   | :     | 31 <sup>st</sup> March, 2011                |
| <b>2</b> | <b>Capital raised during the year</b>                                |       | <b>(Rs. in Thousands)</b>                   |
|          | Public Issue   | : NIL | Right Issue : NIL                           |
|          | Bonus Issue  | : NIL | Promoters & their Friends & Relatives : NIL |
| <b>3</b> | <b>Position of Mobilisation and deployments of Funds.</b>            |       | <b>(Rs. in Thousands)</b>                   |
|          | Total Liabilities  | :     | 82814.958                                   |
|          | Total Assets   | :     | 82814.958                                   |
|          | <b>SOURCES OF FUNDS</b>  |       |   |
|          | Paid-up Capital  | :     | 35994.000                                   |
|          | Reserves & Surplus   | :     | 15412.596                                   |
|          | Secured Loans  | :     | 29688.743                                   |
|          | Unsecured Loans  | :     | 1520.899                                    |
|          | Deferred Tax Liabilities (Net)                                       | :     | 198.720                                     |
|          | <b>APPLICATION OF FUNDS</b>  |       |   |
|          | Net Fixed Assets   | :     | 40685.297                                   |
|          | Investment   | :     | 8000.000                                    |
|          | Net Current Assets   | :     | 34129.661                                   |
|          | Misc Expenditure   | :     | --  |
| <b>4</b> | <b>Performance of Company :</b>                                      |       | <b>(Rs. in Thousands)</b>                   |
|          | Turnover   | :     | 57540.308                                   |
|          | Total Expenditure  | :     | 60750.024                                   |
|          | Profit Before Tax  | :     | -3209.717                                   |
|          | Profit After Tax   | :     | -2262.549                                   |
|          | Earning Per Share (in Rs.)   | :     | -0.63                                       |
|          | Dividends Rate (in %)  | :     | -   |
| <b>5</b> | <b>Generic Names of Three Principal Products/Services of Company</b> |       |   |
|          | Item Code No. (ITC Code)   | :     | --  |
|          | Product Description  | :     | Pacemaker                                   |

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

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

(Rs. in lacs)

|   | 2010-11       | 2009-10        |
|---|---------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |               |                |
| Net Profit before Tax & Extraordinary items<br>as per profit & loss account | -44.53        | 24.53          |
| Add(+)/Deduct(-)  |               |                |
| Depreciation  | 46.25         | 38.58          |
| Interest Income   | -3.91         | -4.17          |
| Profit on sale of assets  | —             | -2.49          |
| Excess Provision written back   | 12.43         |                |
| Interest  | 36.05         | 32.08          |
| Operating Cash Profit before working capital changes                        | 46.29         | 88.53          |
| Add(+)/Deduct(-)  |               |                |
| Trade & other Receivable  | 52.91         | -74.53         |
| Inventories   | 18.09         | 19.32          |
| Trade Payable & other liabilities   | 2.17          | -14.82         |
| Cash Generation from Operations   | 119.45        | 18.50          |
| Deduct (-) Direct Taxes Paid  | -8.95         | -1.74          |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                   | <b>110.50</b> | <b>16.76</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |               |                |
| Inflow / outflow (-)  |               |                |
| Sale of Fixed assets  |               | 5.26           |
| Purchase of Assets  | -57.89        | -123.97        |
| Interest Recd   | 3.91          | 4.17           |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                                   | <b>-53.98</b> | <b>-114.54</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |               |                |
| Inflow / outflow (-)  |               |                |
| Proceeds from Long Term Borrowings (Net)                                    | -9.16         | 96.67          |
| Proceeds from Short Term Borrowings (Net)                                   | -6.88         | 35.23          |
| Interest Paid   | -36.05        | -32.08         |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                   | <b>-52.09</b> | <b>99.82</b>   |
| <b>NET INCREASE / DECREASE (-) IN CASH AND<br/>CASH EQUIVALENTS (A+B+C)</b> | <b>4.44</b>   | <b>2.04</b>    |
| <b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>                             | <b>60.85</b>  | <b>58.81</b>   |
| <b>CASH /CASH EQUIVALENTS AT END OF THE YEAR</b>                            | <b>65.29</b>  | <b>60.85</b>   |

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

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO HOLDING COMPANY'S INTEREST IN SUBSIDIARY COMPANY**

|                                   |  |  |
|-----------------------------------|--|--|
| <b>Name of Subsidiary Company</b> |  | : SHREE CORATOMIC LIMITED                  |
| 1.                                | The Financial Year of the Subsidiary Company Ended on  | : 31 <sup>st</sup> March 2011              |
| 2.                                | Date from which they became subsidiary Company   | : 04-01-1995                               |
| 3.                                | [a] Number of Shares Held by <b>M/s Shree Pacetronix Ltd,</b><br>with its nominees in the subsidiary at the end of the<br>Financial year of the Subsidiary Company fully paid up.  | : 8,00,000 Equity Shares of<br>Rs10/- each |
|                                   | [b] Extent of interest of Holding Company at the end<br>of the Financial Year of the Subsidiary Company  | : 99.91%                                   |
| 4.                                | The net aggregate amount of the subsidiary<br>company's Profit / (Loss) so far as it concerns<br>the members of the holding company and  |  |
|                                   | [a] Not dealt with in the Holding Company's accounts   |  |
|                                   | (i) For the Financial Year ended 31st March 2011   | : Rs. (-) 65418                            |
|                                   | (ii) For the previous financial year since it became<br>subsidiary   | : Rs. (-) 688350                           |
|                                   | [b] Dealt with in Holding Company's accounts   |  |
|                                   | (i) For the Financial Year ended 31st March 2011   | : N I L                                    |
|                                   | (ii) For the previous financial year since it became<br>subsidiary   | : N I L                                    |
| 5.                                | As the financial year of the above subsidiary company<br>coincide with the financial year of the Holding<br>Company, Section 212(5) of the Companies Act,1956<br>is not applicable |  |

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

PLACE : Indore  
DATE : 29th August 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of the Company will be held on Thursday, 29<sup>th</sup> September, 2011 at 10:00 a.m at the Registered Office of the Company to transact the following Business:

**ORDINARY BUSINESS:**

1. To consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director, in place of Mr. Sushil Kumar Patni who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**By order of the board of  
SHREE CORATOMIC LIMITED**

**Place: Indore**

**Date: 29<sup>th</sup> August, 2011**

**ATUL K. SETHI  
CHAIRMAN**

**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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF 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.

## DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report of your Company along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### State of Company's Affairs :

#### A. FINANCIAL RESULTS

| Particulars                           | (Amount in Thousand) |            |
|---------------------------------------|----------------------|------------|
|                                       | 2010-2011            | 2009-2010  |
| Total Sales                           | 8083.72              | 7208.09    |
| Profit before Depreciation & Interest | 829.95               | 378.09     |
| Less : Depreciation                   | 841.00               | 863.02     |
| Profit/Loss for the year before Tax   | (-) 94.67            | (-) 540.58 |
| Less. : Provision for Taxation        |                      |            |
| Current Tax                           | 0.00                 | 0.00       |
| Fringe Benefit Tax                    | 0.00                 | 83.33      |
| Deferred Tax                          | 29.25                | 167.03     |
| Net Profit/Loss for the year          | (-) 65.41            | (-) 456.87 |
| Add : Balance Brought Forward         | (-)688.35            | (-)231.48  |
| Balance Carried to Balance sheet      | (-) 753.77           | (-) 688.35 |

#### B. Operational performance and Future Outlook

During the year your director are happy to report that the profit of the Company is very fruitful as Comparison to last year and your Directors are continuously working hard to very brightful future of the Company in the coming year The operating and financial performance of your company during the year under review has been satisfactory

#### C. Dividend

Your directors do not recommend any dividend for the year due to inadequacy of profits.

#### Public Deposits:

The Company has not accepted or invited any deposits from the public within the meaning of Section 58A of the Companies Act, 1956, during the year under review.

#### Directorate :

Shri Shushil Kumar Patni retires by rotation and offers himself for re-appointment. There has been no change in the office of directorship during the year under review.

#### Auditors :

M/s. S. R Naredi & Co., Chartered Accountants, statutory auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment as statutory auditors of the Company. The auditors' report read with notes to accounts is self explanatory and needs no further clarification.

#### Directors' Responsibility Statement :

As per Section 217(2AA) of the Companies Act, 1956, Directors hereby state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended March 31, 2011 and of the profit of the company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a going concern basis.

**Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.****Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo:**

The provisions of Energy Conservation in terms of Section 217(1) (e) of the Companies Act, 1956, are not applicable to the company and during the year under review, there was no inflow and outflow of foreign exchange.

**Statutory Particulars :**

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

**Secretarial Compliance Certificate:**

Your Directors have obtained a Compliance Certificate from a Practicing Company Secretary, pursuant to Rule 3 of Companies (Compliance Certificate) Rules, 2001 and have annexed the same with this report.

**Acknowledgements:**

Your Directors place on record their sincere appreciation for the guidance, assistance and co-operation received from all the stakeholders in your Company including all appropriate statutory authorities, private entrepreneurs and banks along with the devoted performance of the employees of the Company with all levels.

PLACE : Indore  
DATE : 29th August, 2011

For and on behalf of board of  
SHREE CORATOMIC LIMITED

ATUL KUMAR SETHI  
CHAIRMAN

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

CIN of the Company – U33112MP1995PLC008917

Authorized Capital: Rs. 2,00,00,000/-

Paid-up Capital : Rs. 80,07,000/-

To,

**The Members,**

**Shree Coratomic Limited**

I have examined the registers, records, books and papers of Shree Coratomic Limited ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2011 (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 Public Limited Company, comments are not required.
4. The Board of Directors duly met Four 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 closely held public limited company has opted not to close its Register of Member under the option given under Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2010 was held on 29<sup>th</sup> September 2010 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 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 not issued any duplicate certificates during the financial year.
13. The Company has
  - i) Not required to deliver any certificate of securities on lodgment thereof any transfer/ transmission or any other purpose in accordance with the provision 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.
14. The Board of directors of the Company is duly constituted and there was no appointment of additional directors, 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 Share/ Debenture/ other Securities 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 not borrowed any amount during the financial year ending 31<sup>st</sup> March 2010 and no resolution has been required to be passed under the provision of Section 293(1) (d) of the Act.
25. The Company has not made any loans and investment made or guarantee given or securities provide to other body corporate.
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 provision 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 is not required to deposit contribution to Provident Fund hence; the provisions of Section 418 are not applicable.

#### 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 under Section 193.
6. Books of Accounts under Section 209
7. Register of Contracts under Section 301

PLACE : INDORE  
DATE : 29.08.2011

Signature :  
Name of the Company Secretary : **ASHISH GARG**  
FCS 5181 CP 4423

8. Register of Directors, Managing Director, Managing and Secretary under Section 303
9. Register of Director's Shareholdings under Section 307
10. Register of Director Attendances.
11. Register of loans and Investments.

#### Annexure B

##### Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31<sup>st</sup> March 2010.

| Sr. No. | Form No./Return        | Filed under section | For                                     | Date of filing | Whether filed within prescribed time (Yes/No) | If delay in filing whether requisite additional fees paid (Yes/No) |
|---------|------------------------|---------------------|---|----------------|---|--|
| 1.      | Balance Sheet          | Sec. 220            | As on 31.03.2009                        | 07.10.2010     | Yes   | No.  |
| 2.      | Annual Return          | Sec. 159            | AGM held on 29.09.2010                  | 07.10.2010     | Yes   | No.  |
| 3.      | Compliance Certificate | Sec.383 A.          | For the Financial year ended 31.03.2010 | 25.10.2009     | Yes   | No.  |

PLACE : INDORE  
DATE : 29.08.2011

Signature :  
Name of the Company Secretary : **ASHISH GARG**  
FCS 5181 CP 4423

**AUDITORS' REPORT**

To  
The Members of  
Shree Coratomic Limited

1. We have audited the attached Balance sheet of Shree Coratomic Ltd., as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :-
  - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv. in our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011,
    - b. in the case of the Profit and Loss Account, of the Loss for the year ended on that date and
    - c. in the case of the Cash Flow Statement of the cash flow for the year ended on that date.

As per our report of even date attached

For S. R. NAREDI & CO.  
Chartered Accountants

PLACE : Indore  
DATE : 29th August, 2011

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

**ANNEXURE TO THE AUDITORS' REPORT****ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011 OF SHREE CORATOMIC LIMITED.**

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

- (i) In respect of its fixed assets:
  - a. The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the Management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories:
  - a. As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are found reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us there were no material discrepancies noticed on physical verification.
- (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 Company.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix)
  - a. According to the information and explanation 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, 2011 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, there are no 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.
- (x) The company has accumulated losses at the end of the financial year, but the accumulated losses of the Company are not more than fifty percent of its net worth. The Company 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) The Company has not taken any Term loan therefore the provisions of clause (xvi) of paragraph 4 of the Companies (Auditors' report) order 2003 are not applicable to the company.
- (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  
(Firm Reg. No.02818C)

PLACE : INDORE  
DATE : 29th August, 2011

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

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

| PARTICULARS  | SCHEDULE No. | AS AT             |                   |
|--|--------------|-------------------|-------------------|
|  |              | 31.03.2011<br>Rs. | 31.03.2010<br>Rs. |
| <b>SOURCES OF FUNDS</b>  |              |                   |                   |
| A SHARE HOLDERS' FUNDS   |              |                   |                   |
| Share Capital  | A            | 8007000           | 8007000           |
| Reserves and Surplus   |              | ---               | ---               |
|  |              | 8007000           | 8078693           |
| B LOAN FUNDS   |              |                   |                   |
| Secured Loans  |              | ---               | ---               |
| Unsecured Loans  | B            | 34612             | 558091            |
|  |              | 34612             | 558091            |
|  |              | 8041612           | 8565091           |
| <b>APPLICATION OF FUNDS</b>  |              |                   |                   |
| A FIXED ASSETS   | C            |                   |                   |
| Gross Block  |              | 8689787           | 8689787           |
| Less: Depreciation/Amortisation  |              | 3051898           | 2210907           |
| Net Block  |              | 5637889           | 6478880           |
| B. DEFERRED TAX ASSETS<br>(Refer Note 6)                                   |              | 333891            | 304640            |
| C CURRENT ASSETS, LOANS & ADVANCES   |              |                   |                   |
| Inventories  |              | 400000            |                   |
| Sundry Debtors   | D            | 2680792           | 1996448           |
| Cash & Bank Balances   | E            | 32456             | 992932            |
| Loans & Advances   | F            | 816059            | 468955            |
|  |              | 3929307           | 3458335           |
| Less: Current Liabilities &<br>Provisions                                  | G            | 2613243           | 2365114           |
|  |              | 1316064           | 1093221           |
| D MISCELLANEOUS EXPENDITURE<br>(To the extent not written off or adjusted) |              | ---               | ---               |
| E PROFIT & LOSS ACCOUNTS   |              | 753768            | 688350            |
|  |              | 8041612           | 8565091           |
| NOTES ON ACCOUNTS  | P            |                   |                   |

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

For and on behalf of Board of Directors

(S. R. Naredi)  
Proprietor

PLACE : INDORE

DATE : 29th August, 2011

ATUL KUMAR SETHI  
Director

AMITA SETHI  
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

| PARTICULARS   | SCHEDULE No. | Year Ended<br>31.03.2011 | Year Ended<br>31.03.2010 |
|---|--------------|--------------------------|--------------------------|
| <b>INCOME</b>                                       |              |                          |                          |
| Sales   | H            | 8083717                  | 7208086                  |
| Other Income  | I            | 12840                    | 7000                     |
| Increase (+) / Decrease (-) in Stock                | J            | 400000                   | --                       |
|   | <b>TOTAL</b> | <b>8496557</b>           | <b>7215086</b>           |
| <b>EXPENDITURE</b>                                  |              |                          |                          |
| Purchases   | K            | 6550323                  | 5844035                  |
| Employees Remuneration & Benefits                   | L            | 78462                    | 74864                    |
| Administrative Expenses                             | M            | 296277                   | 221741                   |
| Selling & Distribution Expenses                     | N            | 741545                   | 690795                   |
| Interest  | O            | 83628                    | 55644                    |
| Depreciation & Amortisation                         |              | 840991                   | 863023                   |
| Preliminary Expenses W/off                          |              | --                       | 5560                     |
|   | <b>TOTAL</b> | <b>8591226</b>           | <b>7755663</b>           |
| <b>PROFIT (+)/LOSS (-) FOR THE YEAR BEFORE TAX</b>  |              | <b>-94669</b>            | <b>-540577</b>           |
| Less: Fringe Benefit Tax                            |              | --                       | 83331                    |
| <b>Add(+)/Less (-) Deferred Tax</b>                 |              | <b>29251</b>             | <b>167039</b>            |
| <b>PROFIT (+)/LOSS (-) FOR THE YEAR AFTER TAX</b>   |              | <b>-65418</b>            | <b>-456869</b>           |
| <b>BALANCE BROUGHT FORWARD FROM LAST YEAR</b>       |              | <b>-688350</b>           | <b>-231481</b>           |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>             |              | <b>-753768</b>           | <b>-688350</b>           |
| <b>NOTES ON ACCOUNTS</b>                            | P            |                          |                          |
| Weighted Average Number of Shares                   |              | 800700                   | 800700                   |
| Face Value per Equity Share                         |              | 10                       | 10                       |
| <b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b> |              | <b>-0.08</b>             | <b>-0.57</b>             |

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 29th August, 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Director

**AMITA SETHI**  
Director

## SCHEDULES TO THE ACCOUNTS

|   | 31.03.2011<br>Rs.            | 31.03.2010<br>Rs.   |                           |                           |                         |                           |                           |                           |
|---|------------------------------|---------------------|---------------------------|---------------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| <b><u>SCHEDULE : A : SHARE CAPITAL</u></b>  |                              |                     |                           |                           |                         |                           |                           |                           |
| <b>AUTHORISED</b>   |                              |                     |                           |                           |                         |                           |                           |                           |
| 20,00,000 Equity Shares of Rs. 10/- each (Previous year 20,00,000 Equity shares of Rs. 10/- each) | 20000000                     | 20000000            |                           |                           |                         |                           |                           |                           |
| <b>ISSUED, SUBSCRIBED AND PAID-UP</b>   |                              |                     |                           |                           |                         |                           |                           |                           |
| 8,00,700 Equity Shares of Rs. 10/- (Previous Year 8,00,700 Equity shares of Rs.10/-each)          | 8007000                      | 8007000             |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>8007000</b>               | <b>8007000</b>      |                           |                           |                         |                           |                           |                           |
| <b><u>SCHEDULE : B : UNSECURED LOANS</u></b>  |                              |                     |                           |                           |                         |                           |                           |                           |
| ICICI Bank, Indore  | 34612                        | 558091              |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>34612</b>                 | <b>558091</b>       |                           |                           |                         |                           |                           |                           |
| <b><u>SCHEDULE : C : FIXED ASSETS</u></b>   |                              |                     |                           |                           |                         |                           |                           |                           |
|   | <b>GROSS BLOCK (AT COST)</b> | <b>DEPRECIATION</b> | <b>NET BLOCK</b>          |                           |                         |                           |                           |                           |
| <b>PARTICULARS</b>  | <b>AS AT<br/>31.03.10</b>    | <b>ADDITIONS</b>    | <b>AS AT<br/>31.03.11</b> | <b>UP TO<br/>31.03.10</b> | <b>FOR THE<br/>YEAR</b> | <b>UP TO<br/>31.03.11</b> | <b>AS AT<br/>31.03.11</b> | <b>AS AT<br/>31.03.10</b> |
| COMPUTERS   | 449593                       | -                   | 449593                    | 374928                    | 29866                   | 404794                    | 44799                     | 74665                     |
| FURNITURE & FIXTURES  | 127254                       | -                   | 127254                    | 97061                     | 5465                    | 102526                    | 24728                     | 30193                     |
| OFFICE EQUIPMENTS   | 112940                       | -                   | 112940                    | 72252                     | 5660                    | 77912                     | 35028                     | 40688                     |
| INTANGIBLE ASSETS   | 8000000                      | -                   | 8000000                   | 1666666                   | 800000                  | 2466666                   | 5533334                   | 6333334                   |
| <b>TOTAL</b>  | <b>8689787</b>               | <b>-</b>            | <b>8689787</b>            | <b>2210907</b>            | <b>840991</b>           | <b>3051898</b>            | <b>5637889</b>            | <b>6478880</b>            |
| PREVIOUS YEAR   | 8689787                      | -                   | 8689787                   | 1347884                   | 863023                  | 2210907                   | 6478880                   | 7341903                   |
| <b><u>SCHEDULE : D : SUNDRY DEBTORS</u></b>   |                              |                     |                           |                           |                         |                           |                           |                           |
| (Unsecured, considered good)  |                              |                     |                           |                           |                         |                           |                           |                           |
| (a) Exceeding six months  | 623547                       | 510867              |                           |                           |                         |                           |                           |                           |
| (b) Others  | 2057245                      | 1485581             |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>2680792</b>               | <b>1996448</b>      |                           |                           |                         |                           |                           |                           |
| <b><u>SCHEDULE : E : CASH &amp; BANK BALANCES</u></b>   |                              |                     |                           |                           |                         |                           |                           |                           |
| Cash in Hand  | 32456                        | 863625              |                           |                           |                         |                           |                           |                           |
| Balance with Banks in Current Accounts  |                              |                     |                           |                           |                         |                           |                           |                           |
| F D R with Bank   | ---                          | 110213              |                           |                           |                         |                           |                           |                           |
| Accrued Interest on FDR   | ---                          | 19094               |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>32456</b>                 | <b>992932</b>       |                           |                           |                         |                           |                           |                           |
| <b><u>SCHEDULE : F : LOANS &amp; ADVANCES</u></b>   |                              |                     |                           |                           |                         |                           |                           |                           |
| (Unsecured, Considered good)  |                              |                     |                           |                           |                         |                           |                           |                           |
| Advance recoverable in cash or in kind or for value to be received                                | 816059                       | 468955              |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>816059</b>                | <b>468955</b>       |                           |                           |                         |                           |                           |                           |
| <b><u>SCHEDULE : G : CURRENT LIABILITIES &amp; PROVISIONS</u></b>                                 |                              |                     |                           |                           |                         |                           |                           |                           |
| <b>(A) CURRENT LIABILITIES</b>  |                              |                     |                           |                           |                         |                           |                           |                           |
| Sundry Creditors(Refer Note 3)  |                              |                     |                           |                           |                         |                           |                           |                           |
| Due to micro, small and medium enterprises  | 2562178                      | 2334953             |                           |                           |                         |                           |                           |                           |
| Other creditors   | 51065                        | 30161               |                           |                           |                         |                           |                           |                           |
| <b>(B) PROVISIONS</b>   |                              |                     |                           |                           |                         |                           |                           |                           |
|   | ---                          | ---                 |                           |                           |                         |                           |                           |                           |
| <b>TOTAL</b>  | <b>2613243</b>               | <b>2365114</b>      |                           |                           |                         |                           |                           |                           |

## SCHEDULES TO THE ACCOUNTS

|  | 31.03.2011     | 31.03.2010     |
|--|----------------|----------------|
|  | Rs.            | Rs.            |
| <b><u>SCHEDULE : H : SALES</u></b>                                 |                |                |
| SALES  | 8083717        | 7208086        |
| VAT on Sales   | 332568         | 296509         |
| <b>TOTAL</b>   | <b>8416285</b> | <b>7504595</b> |
| Less : VAT on Purchase   | 262021         | 233765         |
| VAT Paid   | 70547          | 62744          |
| <b>TOTAL</b>   | <b>8083717</b> | <b>7208086</b> |
| <b><u>SCHEDULE : I : OTHER INCOME</u></b>                          |                |                |
| Interest Received  | 12840          | 7000           |
| <b>TOTAL</b>   | <b>12840</b>   | <b>7000</b>    |
| <b><u>SCHEDULE : J : INCREASE (+) / DECREASE (-) IN STOCK</u></b>  |                |                |
| Opening Stock  | ---            | ---            |
| Traded Goods   | ---            | ---            |
| Closing Stock  | ---            | ---            |
| Traded Goods   | 400000         | ---            |
| <b>INCREASE (+) / DECREASE (-) IN STOCK</b>                        | <b>400000</b>  | <b>---</b>     |
| <b><u>SCHEDULE : K : PURCHASE</u></b>                              |                |                |
| Purchase   | 6550323        | 5844035        |
| <b>TOTAL</b>   | <b>6550323</b> | <b>5844035</b> |
| <b><u>SCHEDULE : L : EMPLOYEES REMUNERATION &amp; BENEFITS</u></b> |                |                |
| Salaries, Wages, Bonus etc   | 75932          | 72432          |
| Staff Welfare  | 2530           | 2432           |
| <b>TOTAL</b>   | <b>78462</b>   | <b>74864</b>   |
| <b><u>SCHEDULE : M : ADMINISTRATIVE EXPENSES</u></b>               |                |                |
| Travelling Expenses  | 4000           | 5213           |
| Telephone & Mobile Expenses  | 5765           | 7213           |
| Legal & Professional Expenses                                      | 57500          | 43050          |
| Conveyance Expenses  | 7662           | 8216           |
| Miscellaneous Expenses   | 101712         | 81886          |
| Rates & Taxes  | 6875           | 3250           |
| Printing & Stationery  | 2010           | 2315           |
| Auditor's Remuneration(Refer Note 7)                               | 29500          | 39500          |
| Bank Charges   | 30253          | 31098          |
| Donation   | 51000          | --             |
| <b>TOTAL</b>   | <b>296277</b>  | <b>221741</b>  |
| <b><u>SCHEDULE : N : SELLING &amp; DISTRIBUTION EXPENSES</u></b>   |                |                |
| Selling & Business Promotion Expenses                              | 455500         | 408281         |
| Implantation Charges   | 272750         | 248814         |
| Advertisement  | 2800           | 1700           |
| Conference Expenses  | 10495          | 32000          |
| <b>TOTAL</b>   | <b>741545</b>  | <b>690795</b>  |
| <b><u>SCHEDULE : O : INTEREST</u></b>                              |                |                |
| Interest-others  | 83628          | 55644          |
| <b>TOTAL</b>   | <b>83628</b>   | <b>55644</b>   |

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

PLACE : INDORE  
DATE : 29th August, 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Director

**AMITA SETHI**  
Director

**SCHEDULE : P : NOTES ON ACCOUNTS**

Annexure to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2011

**1. Significant Accounting Policies :****A. Basis of preparation of Financial Statements:**

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

**B. Use of Estimates :**

The preparation of financial statements is in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized 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 allowable) 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 the assets are put to use and 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. Technical know-how has been amortized over the period of ten years. Amortization is done on straight line basis.

**E. Depreciation / Amortization :**

- (i) Depreciation on fixed assets is 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) Technical know-how 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. Taxation :**

Provision for current tax has not been made considering loss for the current year. 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.

**H. Inventory:**

Inventories are valued at lower of cost or net realizable value. Cost of inventory comprises of cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

**I. 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

**J. Employee Benefits :**

Provision for Gratuity and Leave encashment are not made, because no liability arises on this account.

**K. 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 statement.

**L. 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 shares.

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. 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 on additional disclosures have been made

4. **Segment Reporting:**

As the company is engaged in only one segment namely 'Life saving devices' and there is no export turnover hence there is no segment wise information to report as per Accounting standard -17 "Segment reporting".

5. **Related Party disclosures:**

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

I. Relationship

- a. Holding Company : Shree Pacetronix Ltd
- b. Key Management Personnel  
 Shri Atul Kumar Sethi : Director  
 Smt. Amita Sethi : Director

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 |
| 1. Purchases of Goods  | 6512373<br>(5805115)    | Nil<br>(Nil)            |
| 2. Payable             | 2562178<br>(2334953)    | Nil<br>(Nil)            |

(Previous Year figures are in Brackets)

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

| Particulars  | AsAt<br>31.03.2011 | AsAt<br>31.03.2010 |
|--|--------------------|--------------------|
| Deferred Tax Liabilities On account of Depreciation & Amortization | 802437             | 748366             |
| Deferred Tax Assets On account of Losses                           | 1136328            | 1053006            |
| Net deferred Tax Assets  | 333891             | 304640             |

7. Payment to auditor

|                      | 2010-11 | 2009-10 |
|----------------------|---------|---------|
| Audit Fees           | 19500   | 19500   |
| For Taxation Matters | 10000   | 20000   |

8. Quantitative & Other information.

|   | <u>Quantity (In Nos)</u> |                 | <u>Value (Rs.in Lacs)</u> |                 |
|---|--------------------------|-----------------|---------------------------|-----------------|
|   | <u>31.03.11</u>          | <u>31.03.10</u> | <u>31.03.11</u>           | <u>31.03.10</u> |
| A <u>Purchase</u>                               |                          |                 |                           |                 |
| (a) Pacemaker*                                  | 289                      | 241             | 65.50                     | 58.44           |
| B <u>Turnover of Goods produces / Purchased</u> |                          |                 |                           |                 |
| (a) Pacemaker*                                  | 273                      | 241             | 80.84                     | 72.08           |
| C Closing Stock                                 |                          |                 |                           |                 |
| (a) Pacemaker*                                  | 16                       | 0               | 4.00                      | 0               |

\*Pacemakers include its Accessories.

- 9 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).  
NIL NIL
- 10 Contingent liabilities not provided for in respect of guarantee given by bank NIL 1.00 Lacs
11. Additional Information wherever applicable pursuant to para 3,4(c) and 4 (d) of part II of schedule VI of the Companies Act, 1956 is Nil except given above.
12. Previous year figures have been regrouped / rearranged wherever necessary to make them comparable with current year.
13. 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  
(S. R. Naredi)  
Proprietor

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Director

**AMITA SETHI**  
Director

PLACE : Indore  
DATE : 29th August, 2011

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

|          |  |       |                                       |       |
|----------|--|-------|---------------------------------------|-------|
| <b>1</b> | <b>Registration Details</b>  | :     |                                       |       |
|          | Registration No.   | :     | 08917 of 1995                         |       |
|          | State Code   | :     | 10                                    |       |
|          | Balance Sheet Date   | :     | 31 <sup>st</sup> March, 2011          |       |
| <b>2</b> | <b>Capital raised during the year</b>                                |       | <b>(Rs. in Thousands)</b>             |       |
|          | Public Issue   | : NIL | Right Issue                           | : NIL |
|          | Bonus Issue  | : NIL | Promoters & their Friends & Relatives | : NIL |
| <b>3</b> | <b>Position of Mobilisation and deployments of Funds.</b>            |       | <b>(Rs. in Thousands)</b>             |       |
|          | Total Liabilities  | :     | 8041.612                              |       |
|          | Total Assets   | :     | 8041.612                              |       |
|          | <b><u>SOURCES OF FUNDS</u></b>                                       |       |                                       |       |
|          | Paid-up Capital  | :     | 8007.000                              |       |
|          | Reserves & Surplus   | :     | --                                    |       |
|          | Secured Loans  | :     | --                                    |       |
|          | Unsecured Loans  | :     | 34.612                                |       |
|          | <b><u>APPLICATION OF FUNDS</u></b>                                   |       |                                       |       |
|          | Net Fixed Assets   | :     | 5637.889                              |       |
|          | Investment   | :     | --                                    |       |
|          | Net Current Assets   | :     | 1316.064                              |       |
|          | Deferred Tax Assets  | :     | 333.891                               |       |
|          | Misc Expenditure   | :     | --                                    |       |
|          | Accumulated Losses   | :     | 753.768                               |       |
| <b>4</b> | <b>Performance of Company :</b>                                      |       | <b>(Rs. in Thousands)</b>             |       |
|          | Turnover   | :     | 8496.557                              |       |
|          | Total Expenditure  | :     | 8591.226                              |       |
|          | Profit Before Tax  | :     | -94.669                               |       |
|          | Profit After Tax   | :     | -65.418                               |       |
|          | Earning Per Share (in Rs.)   | :     | -0.08                                 |       |
|          | Dividends Rate (in %)  | :     | --                                    |       |
| <b>5</b> | <b>Generic Names of Three Principal Products/Services of Company</b> |       |                                       |       |
|          | Item Code No. (ITC Code)   | :     | --                                    |       |
|          | Product Description  | :     | Pacemaker                             |       |

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

PLACE : Indore  
 DATE : 29th August, 2011

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
 Director

**AMITA SETHI**  
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011

(Rs. in lacs)

|   | 2010-11      | 2009-10      |
|---|--------------|--------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                               |              |              |
| Net Profit before Tax & Extraordinary items<br>as per profit & loss account | -0.95        | -5.41        |
| Add(+)/Deduct(-)  |              |              |
| Depreciation  | 8.41         | 8.63         |
| Interest Income   | -0.13        | -0.07        |
| Preliminary Expenses w/off  | -            | 0.06         |
| Interest  | 0.84         | 0.56         |
| Operating Cash Profit before working capital changes                        | 8.17         | 3.77         |
| Add(+)/Deduct(-)  |              |              |
| Trade & other Receivable  | -10.32       | -1.61        |
| Inventories   | -4.00        |              |
| Trade Payable & other liabilities   | 2.48         | 4.61         |
| Cash Generation from Operations   | -3.67        | 6.77         |
| Deduct (-) Direct Taxes Paid  |              | 0.28         |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                   | <b>-3.67</b> | <b>6.49</b>  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                               |              |              |
| Inflow / outflow (-)  |              |              |
| Interest Paid   | 0.13         | 0.07         |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                                   | <b>0.13</b>  | <b>0.07</b>  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                               |              |              |
| Inflow / outflow (-)  |              |              |
| Proceeds from Long Term Borrowings (Net)                                    | -5.23        | -1.97        |
| Interest Paid   | -0.84        | -0.56        |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                                   | <b>-6.07</b> | <b>-2.53</b> |
| <b>NET-INCREASE / DECREASE (-) IN CASH AND<br/>CASH EQUIVALENTS (A+B+C)</b> | <b>-9.61</b> | <b>4.03</b>  |
| <b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>                             | <b>9.93</b>  | <b>5.90</b>  |
| <b>CASH /CASH EQUIVALENTS AT END OF THE YEAR</b>                            | <b>0.32</b>  | <b>9.93</b>  |

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

PLACE : Indore  
DATE : 29th August, 2011

For and on behalf of Board of Directors

ATUL KUMAR SETHI  
Director

AMITA SETHI  
Director

**Shree Pacetronix Limited**

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

**PROXY FORM****23<sup>rd</sup> Annual General Meeting**

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

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

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

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

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

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

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

my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on 30th September, 2011 and to any adjourned meeting thereof.

As witnessed my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_-2011

Signature \_\_\_\_\_

|                           |
|---------------------------|
| Re. 1<br>Revenue<br>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 SLIP****23rd Annual General Meeting on 30th September 2011**

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 23rd Annual General meeting of the company at the registered office of the company on 30th September, 2011.

(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.

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