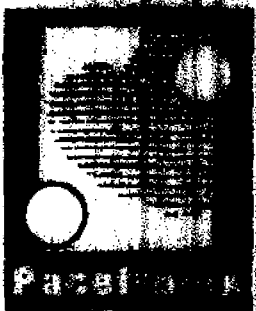


**TWENTIETH  
ANNUAL REPORT  
2007 - 2008**



**Shree Pace Electronics Ltd.**

*Technology Serving Humanity*

*An ISO-9001 Company*

**BOARD OF DIRECTORS** : Shri Atul Kumar Sethi, Managing Director  
Smt. Amita Sethi, Whole time Director  
Shri Sushil Patni Non Executive Independent Director  
Shri Bansilal Baid Non Executive Independent Director  
Shri Anil Rathi Non Executive Independent Director

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

**AUDITORS** : M/s S. R. Naredi & Co.  
Chartered Accountants  
204, 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

**SHARE TRANSFER AGENT** : Ankit Consultancy Private Limited  
Alankar Point, II Floor,  
A. B. Road, INDORE - 452001

## **N O T I C E**

NOTICE is hereby given that 20th Annual General Meeting of the Members of the SHREE PACETRONIX LIMITED will be held on Thursday, the 25th September of 2008 at 10.30 a.m. at the registered office of the company to transact the following business: -

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2008 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs. Amita Sethi, who retires by rotation and being eligible offers herself for re-appointment
3. To consider re-appointment of the Auditors and fixing up of their remuneration.

### **SPECIAL BUSINESS :**

4. "RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and are hereby accorded for the appointment of Shri Anil Rathi as an independent non-executive director of the Company whose office shall be determined by retirement by rotation."

by order of the board of  
**Shree Pacetronix Limited**

PLACE : Pithampur  
DATE : 25.07.2008

**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 BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately.
  - b. Quote their ledger folio number in all their correspondence.
  - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
  - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
  - e. Encash their dividend warrants for the financial year ended March 31<sup>st</sup> 2004 and subsequent year and submit their claims to registrar and transfer agents of the company without any delay.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 24/09/2008 to 25/09/2008 (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 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., Alankar Point, A. B. Road, II Floor, A. B. Road, Indore - 452 001.
7. The Explanatory Statement in pursuance of Sec 173(2) is annexed herewith.

**Explanatory Statement pursuant section 173(2) of the Companies Act, 1956****Item Nos. 4 :**

One of the Independent Directors, Shri Praveen Badjatya has resigned. In order to maintain the proper composition of the executive, non-executive and independent director, broad basing of the Board of Directors became essential. Accordingly Shri Anil Rathie have been inducted in the Board as Additional Director in terms of the provisions of Section 260 of the Companies Act, 1956 to replace the aforesaid outgoing director. In compliance with the provisions of Section 257 of the Act the Company has received a notice proposing his name for regular appointment by the members in the ensuing Annual General Meeting, hence your directors recommend this resolution. However, none of the directors except Shri Anil Rathie may be deemed as concerned or interested in the resolution.

by order of the board of  
**Shree Pacetronix Limited**

PLACE: Pithampur  
DATE : 25.07.2008

**Atul Sethi**  
Chairman & Managing Director

**DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT IN THE  
ENSUING ANNUAL GENERAL MEETING**

<b>Name of Directors</b>	<b>Mrs. Amita Sethi</b>	<b>Mr. Anil Rathie</b>
Date of Birth	01.06.1966	05.02.1954
Date of Appointment	11.01.1988	25.07.2008
Expertise / Experience in specific functional areas	12 Years Exp. in Management of Industrial Undertaking	30 Years Exp. in Marketing of Medical Instrumentation, Finances, and Management of Industrial Automation.
No. of Equity Shares held	88982	500
List of outside Company directorship held	Shree Coratomic Ltd. Sethi Resins Pvt. Ltd.	Rathi Electronic Appl. Pvt. Ltd. Magnum Distilleries Ltd. Modern Circuits Pvt. Ltd.
Chairman / Member of the Committees of the Board of Directors of the Company	NIL	Member of - Audit Committee Remuneration Committee Shareholders/Investors Grievance Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twentieth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2008.

**FINANCIAL RESULTS**

	31.03.2008	31.03.2007
Turnover including other Income	575.17	542.81
Profit before interest & depreciation	100.80	96.45
Interest & other charges	13.46	06.75
Depreciation	35.22	34.54
Profit before Tax	52.12	55.16
Less : Provision for Tax :		
Current Tax	19.94	15.96
Fringe Benefit Tax	02.81	02.69
Deferred Tax	01.89	-03.90
Net Profit after Tax	27.48	40.42

**PERFORMANCE REVIEW**

During the year under review, the Company has achieved a turnover of Rs. 575.17 Lacs as against Rs. 542.81 Lacs in the previous year and earned net profit after tax of Rs. 27.48 Lacs as compared to the Rs. 40.42 Lacs in the previous year, there was a pressure on the bottom line of the company due to slight increase in the overheads of the Company.

Your Directors are happy to report that the company has added substantial value addition in the intangible assets of the Company. Your company is in the process of launching new products such as mobile diagnostic X-Ray machines and Titanium Dental Implants. Your Directors are continuously striving to cut down the expenditure cost and to enhance the profitability of the company and hopeful for the better growth prospects. The company is in the process of expanding its production by more than 75%. To take care of the increasing demand from the country and from abroad. In next financial year the company hopes to increase total turn over by 50% as well as increase exports by another 50%.

**EXPORTS**

During the year under review, your Company has achieved Export Turnover of Rs. 50.77 Lacs which is more than 100% more than previous financial year export turn over. The company expects to again increase the export turn over from present by more than 100%.

**FUTURE OUTLOOK**

The Company has been manufacturing quality pacemakers over the last 15 years and has achieved substantial growth, in the domestic as well in the export market.

The R & D department of the Company is developing various new products and critical components to reduce the dependence on import. With the improved quality of pacemakers, the demand of the products manufactured by your Company is expected to grow with a faster pace which will lead to higher profitability in the years to come. The company has developed its own indigenous hand held programmer which will totally decrease dependence on imported programmers and will be very cost effective as well as reduce the requirement of personal computer for programming the pacemakers. This development will be achieved in totality within 8 months from commencement therefore by September end 2008. The company is also commencing the development of the indigenous rate responsive pacemaker which is an advance pacemaker and presently dependent on critical imported components. The company has set a target for development of this pacemaker along with other advanced pacemakers such as biventricular pacemakers by September 2009.

**DIRECTORATE**

Shri Praveen Badjatya has resigned from the Board. The Board places on record its appreciation of the services rendered by the said Non executive Independent Director during their tenure as Director of the Company.

Shri Anil Rathi has been appointed as additional director of the Company in the Board Meeting held on 25th July, 2008. In terms of the requirements of Section 257 of the Companies Act, 1956, Shri Anil Rathi would be appointed as Director of the Company liable to retire by rotation, of which Notice along with a deposit of Rs. 500/- have been received from members signifying their intention to propose Shri Anil Rathi as Director of the Company, hence approval of the members is being sought for the appointment.

In terms of the provisions of the Companies Act, 1956 Smt. Amita Sethi would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offers himself for re-appointment. There is no other change in the Board.

#### **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 2008 on going concern basis.

#### **AUDITORS AND AUDITORS' REPORT**

M/s S. R. Naredi & Co. Chartered Accountants, Indore retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under section 224 (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.

#### **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 thereunder.

#### **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.

#### **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 a separate statement in the Annual Report.

#### **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, Central & State Governments including all those associated with the Company.

For and on behalf of the Board

(ATUL KUMAR SETHI)

(Chairman & Managing Director)

Place : INDORE  
Dated : 25/07/2008

**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.

**31.03.2008****31.03.2007****A. POWER & FUEL CONSUMPTION****1. Electricity****(a) Purchased**

Units (Nos.)

107278

99,087

Total Amount (Rs.)

768614

6,65,488

Rate/Unit (Rs.)

7.16

6.72

**(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/generator

NIL

NIL

**2. Coal**

NIL

NIL

**3. Furnace Oil**

NIL

NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Production of Pacemakers (Nos.)

1972

1827

Electricity (Units)

54.40

54.23

Furnace Oil

NIL

NIL

Coal

NIL

NIL

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

Form for disclosure of particulars with respect to absorption.

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

1. Specific areas in which R & D carried out by the Company.

The Company is developing various components in-house.

2. Benefits derived as a result of the above R & D.

Reducing dependence on the import and improvement in the quality.

3. Future plan of action

To continue R & D for new products & indigenisation.

4. Expenditure on R & D.

Charged to respective head of accounts

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

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

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

3. In case of Imported Technology (Imported during last 5 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)****31/03/2008****31/03/2007****1. Foreign Exchange earned :**

- FOB Value of Exports

50.77

24.00

- Job Work

0.00

0.00

**2. Foreign Exchange used : CIF Value of import of**

- Raw Materials

151.65

94.83

- Capital Goods

0.00

3.95

- Traded Goods

2.20

13.99

**3. Foreign Travels :**

- Directors & Others

4.23

7.79

## MANAGEMENT DISCUSSION AND ANALYSIS 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) **Segmentwise or productwise 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. There are some threats from the global competitors.

(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

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, Shareholders and spells out the rules and regulations for making decisions on corporate affairs.

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.

**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. :

3. **Board Procedure**

The Board meets at least once in a calendar quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met thirteen times during the year under review on 30.04.2007, 31.07.2007, 25.08.2007, 25.09.2007, 18.10.2007, 19.10.2007, 22.10.2007, 31.10.2007, 27.11.2007, 01.12.2007, 13.12.2007, 30.01.2008, 31.03.2008.



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 Director ship	Committee Membership	Member Chairman
Shri A. K. Sethi	Mg. Director	13	2	1	1
Smt. Amita Sethi	W. T. Director	13	2	---	---
Shri Sushil Patni	Non-Executive	13	--	3	2
Shri Bansilal Baid	Non-Executive	12	--	2	--
Shri Praveen Badjatya	Non-Executive	13	--	3	--

#### 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	02
3. Shri Praveen Badjatya	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 2007-08 is as under :-

Shri A. K. Sethi (Managing Director)	- Rs. 16.35 Lacs
Smt. Amita Sethi (Whole-time Director)	- Rs. 4.11 Lacs

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

1. Shri Sushil Patni (Chairman)
2. Shri Bansilal Baid
3. Shri Praveen Badjatya

#### 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 Sethi (Chairman)
2. Shri Sushil Patni
3. Shri Praveen Badjatya

The Committee is to oversee the effective redressal of the complaints of the Shareholders such as transfer of shares, dematerialisation, 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 AGMs were held as per detail below :

Date of AGM	Relevant Financial year	Venue/location where held	Time of meeting
30-09-2005	2004-05	Registered office	11.00 a. m.
29-09-2006	2005-06	Registered office	11.00 a. m.
17-11-2007	2006-07	Registered office	04.00 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. 9 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2008. 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 : 25th September, 2008  
Day : Thursday  
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 30-06-2008	July, 2008
(ii)	Results for the quarter ending 30-09-2008	October, 2008
(iii)	Results for the quarter ending 31-12-2008	January, 2009
(iv)	Results for the quarter ending 31-03-2009	April, 2009

##### (c) DATES OF BOOK CLOSURE

24-09-2008 to 25-09-2008 (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 Stock Exchange.

(e) STOCK CODE : Scrip Code : BSE 527005  
Demat ISIN No. in NSDL & CDSL : INE 847D01010

(f) REGISTRAR AND TRANSFER AGENT : Ankit Consultancy Pvt. Ltd.  
Alankar Point, II Floor,  
A. B. Road, Indore - 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 31-03-2008

No. of Shares held	FOLIOS Numbers	%	SHARES Numbers
Upto 1000	5555	79.7	548579
1001- 2000	631	9.05	124772
2001- 3000	159	2.28	46822
3001- 4000	81	1.16	31985
4001- 5000	275	3.95	137132
5001- 10000	143	2.05	115194
10001- 20000	56	0.79	82360
20001- 30000	16	0.23	40172
30001- 40000	10	0.14	37395
40001- 50000	11	0.16	49565
50001- 100000	15	0.22	112503
100001 and above	19	0.27	2272921
	6970	100.00	3599400

##### (i) SHAREHOLDING PATTERN AS ON 31-03-2008

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1.	Promoters	700622	19.46
2.	Private Corporate Bodies	700622	5.46
3.	Indian Public	1975462	54.89
4.	NRIs/OCBs	726795	20.19
		3599400	100.00

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE No.	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>A SHARE HOLDERS' FUNDS</b>			
Share Capital	A	35994000	34378208
Reserves & Surplus	B	14296307	7047300
		50290307	41425508
<b>B LOAN FUNDS</b>			
Secured Loans	C	13557744	6665046
Unsecured Loans			
		13557744	6665046
<b>C MINORITY INTEREST</b>		7062	7141
<b>D DEFERRED TAX LIABILITIES (NET)</b>		1147886	679751
		<b>65002999</b>	<b>48777446</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>A FIXED ASSETS</b>	D		
Gross Block		66666261	52033871
Less: Depreciation and Amortization		31754536	28536374
Net Block		34911725	23497497
		34911725	23497497
<b>B CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	E	16361447	11119610
Sundry Debtors	F	11373642	9893968
Cash & Bank Balances	G	4409476	3126291
Loans & Advances	H	7123747	4736027
		39268311	28875896
Less: Current Liabilities & Provisions	I	9188157	11612625
		30080154	17263271
<b>C MISCELLANEOUS EXPENDITURE J</b>		11120	8016678
(to the extent not written off or adjusted)			
		<b>65002999</b>	<b>48777446</b>
<b>NOTES ON ACCOUNTS</b>	T		

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**  
Managing Director

PLACE : INDORE  
DATE : 25.07.2008

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2008 Rs.	Year Ended 31.03.2007 Rs.
<b>INCOME</b>			
Sales	K	57553068	58169246
Other Income	L	801824	78648
Increase (+) / Decrease (-) in Stock	M	698999	395138
		<b>59053891</b>	<b>58643032</b>
<b>EXPENDITURE</b>			
Material Cost	N	18532484	18149081
Manufacturing Expenses	O	6108152	4799640
Employees Remuneration & Benefits	P	12167405	10702612
Administrative Expenses	Q	7353512	9764013
Selling & Distribution Expenses	R	4467133	4832694
Interest	S	1346277	674858
Depreciation and Amortization		3635906	3515823
Loss on Sale of Assets			83179
Preliminary Expenses W/off		5558	5558
		<b>53616427</b>	<b>52527458</b>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>5437464</b>	<b>6115574</b>
Less: Provision for Taxation			
Income Tax		2017064	1645038
Fringe Benefit Tax		289345	298363
Add (-) : Deferred Tax		468135	-388231
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>2662920</b>	<b>4560404</b>
Less: Minority Interest		-79	37
Prior Period Adjustment			369340
Add : Excess provision for Tax in respect of earlier years			140436
Balance brought forward from last year		5497300	3155162
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>8160299</b>	<b>7486625</b>
Appropriation :			
Dividend		37100	1700350
Tax for proposed Dividend			288975
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>8123199</b>	<b>5497300</b>
NOTES ON ACCOUNTS	T		
Weighted Average Number of Equity Shares		3485438	3400700
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		<b>0.76</b>	<b>1.34</b>

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

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

1892124 shares were dematerialized till 31-03-2008 which is 52.57% 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 2007-08.

**Table 1 : Monthly highs and lows and volumes traded at the BSE, 2007-08**

Year	High	Low	Close	P/E High	P/E Low	P/E Close	Mkt Cap.
Mar 08	43.20	36.10	43.10	38.01	31.27	37.85	15.52
Feb 08	59.10	38.00	38.10	54.19	33.28	33.46	13.72
Jan 08	74.80	40.10	51.10	70.59	31.95	44.88	18.40
Dec 07	90.20	45.80	73.10	80.99	40.22	64.20	26.32
Nov 07	43.65	26.55	43.65	38.32	22.01	38.32	15.71
Oct 07	51.75	27.65	33.40	47.77	23.39	28.27	11.59
Sep 07	26.35	15.60	26.35	22.29	11.97	22.29	9.14
Aug 07	28.75	18.80	20.30	25.08	14.73	17.17	7.04
Jul 07	29.15	21.55	24.00	25.65	17.40	20.32	8.33
Jun 07	32.00	27.00	29.05	29.02	22.52	24.59	10.08
May 07	32.00	24.35	28.35	28.59	19.99	24.00	9.84
Apr 07	25.60	18.00	25.60	21.66	15.20	21.66	8.88

**(l) PLANT LOCATION**

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

**(m) ADDRESS OF CORRESPONDENCE :**

Investors correspondence should be address to :  
Ankit Consultancy Pvt. Ltd.,  
Alankar Point, II Floor, A. B. Road, Indore - 452001

**CERTIFICATE**

To,

The Members,

**SHREE PACETRONIX LIMITED**

We have examined the compliance of condition of Corporate Governance by Shree Pacetronix Limited for the year ended 31<sup>st</sup> March 2007, 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 31<sup>st</sup> March 2008, 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

PLACE : INDORE

DATE : 25.07.2008

Membership No. 72014

**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 31<sup>st</sup> March 2008 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These consolidated financial statements are the responsibility of the Management of Shree Pacetronix Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that We plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and 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 statements 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 whose financial statements reflect Total assets of Rs.8374666/- as at 31<sup>st</sup> March 2008 and total revenue of Rs.7448344/- for the year then ended. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting standard (AS) 21 -"Consolidated Financial Statements," issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Shree Pacetronix Limited and its Subsidiary included in the Consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Shree Pacetronix Limited and its aforesaid subsidiary, in our opinion the 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 consolidated state of affairs of Shree Pacetronix Limited and its subsidiary as at 31<sup>st</sup> March, 2008; and
- b) In case of the Consolidated Profit and Loss Account, of the consolidated profits of operations of Shree Pacetronix Limited and its subsidiary for the year ended on that date and
- c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Shree Pacetronix Limited and its subsidiary for the year ended on that date.

For S.R. NAREDI & CO.  
Chartered Accountants

PLACE : INDORE  
DATE : 25.07.2008

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> MARCH 2008**

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

- i. The financial statements of the parent company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profit/Loss on intra-group transactions.
- 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.

**B. Method of Accounting :**

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

**C. Use of Estimates :**

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

**D. Fixed Assets :**

Fixed assets are stated at cost(Net of VAT) less accumulated depreciation. All direct expenses till the date of commencement of production attributable to fixed assets are capitalized.

**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 amortisation. Technical know-how has been amortised over the period of ten years. Amortisation is done on straight line basis. Due to change in method of amortizations in pursuance of Accounting Standard 26 "Intangible assets" the amortisation for previous years is Rs.11818/- additionally charged to profit & loss account during this year.

**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 is as follows:

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

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

**H. Borrowing Cost :**

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

**I. Revenue Recognition / Sales :**

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

**J. Foreign Currency Transaction :**

- a) Transaction denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.
- b) Monetary items denominated in foreign currencies at the year end are restated at year end rate.
- c) Non-monetary foreign currency items are carried at cost.

- d) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets, which are adjusted to the carrying cost of such assets.

**K Employees Benefits :**

- a. Short term employees benefits like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the year in which the related services are rendered.
- b. Post employment and other long term employees benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account.

**L Taxation :**

Provision for current tax has been made on the basis of estimated taxable income for the current period & 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 recognised and carried forwarded to the extent there is reasonable certainty that these would be realised in future.

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

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. 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. Management is of the view that the value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

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

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

3. 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 companies. Recognising 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.
4. Consolidated financial statement have been prepared substantially in the same format as adopted by the parent to the extent possible, as required by Accounting Standard (AS) -21 "Consolidated Financial Statements" issued by the ICAI.

**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" issued by The Institute of Chartered Accountants of India.

**B SECONDARY SEGMENTS**

Particulars	India	Rest of The world	Total
1. Segment Revenue	53240909 (55847481)	5077183 (2400413)	58318092 (58247894)
2. Carrying cost of Segment assets	70825632 (59843766)	3365525 (546305)	74191157 (60390071)
3. Addition to Fixed Assets	14632390 (4059882)	Nil (Nil)	14632390 (4059882)

(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 Bansilal Baid : Director  
Shri Sushil Patni : Director  
Shri Praveen Badjatya : Director  
Shri Rajesh Bhale : Director

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

Sethi Resins Pvt. Ltd.

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

Smt. Heera Sethi.

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

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

Nature of Transactions	Related Parties			
	Referred in I (a) above	Referred in I (b) above	Referred in I (c) above	Referred in I (d) above
1. Rent	Nil (Nil)	Nil (Nil)	Nil (Nil)	120000 (120000)
2. Remuneration	Nil (Nil)	2045600 (1201920)	Nil (Nil)	Nil (Nil)
3. Sale of Fixed Assets	Nil (NIL)	1300000 (Nil)	Nil (Nil)	NIL (Nil)

(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" issued by the Institute of Chartered Accountants of India. Accordingly Deferred tax liabilities & assets are as under:-**

Particulars	As At 31.03.2008	As At 31.03.2007
(i) Deferred Tax Liabilities On account Depreciation	1735556	865733
(ii) Deferred Tax Assets on account of Accrued Expenses deductible on payment basis	587670	185982
Net Deferred Tax Liabilities	1147886	679751

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

I. Guarantees given by bank - Rs. 22.91 Lacs (Previous Year Rs. 16.94 Lacs)

II. The disputed demand on Income Tax - Rs. 2.80 Lacs. (Previous Year Rs. 2.80 Lacs)

**9. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 12.65 Lacs (Previous Year Rs. 13.87 Lacs)****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 : 25.07.2008

For and on behalf of Board of Directors

ATUL KUMAR SETHI

Managing Director

AMITA SETHI

Whole time Director

BANSILAL BAID

Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	2007-08	(Rs. in lacs) 2006-07
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items as per profit & loss account	54.37	61.16
Add(+) / Deduct(-)		
Depreciation	36.36	35.16
Interest Income	-1.65	-0.79
Preliminary W/off	0.05	0.05
Prior Period Adjustment		-3.69
Profit(-) / Loss on sale of assets	-4.71	0.83
Interest paid	13.46	6.75
	<u>43.51</u>	<u>38.31</u>
	97.88	99.47
Operating Cash Profit before working capital changes		
Add(+) / Deduct(-)		
Trade & other Receivable	-33.45	-34.33
Inventories	-52.43	13.44
Trade Payable & other liabilities	-10.67	4.12
	<u>-96.55</u>	<u>-16.77</u>
	1.33	82.70
Cash Generation from Operations		
Deduct (-)		
Direct Taxes Paid	-24.88	-20.75
	<u>-24.88</u>	<u>-20.75</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>-23.55</u>	<u>61.95</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	159.39	
Inflow / outflow (-)		
Sale of Fixed assets	14.81	0.59
Purchase of Assets	-80.61	-44.51
Interest Recd	1.65	0.79
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>-64.15</u>	<u>-43.13</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / outflow (-)		
Proceeds from Long Term Borrowings (Net)	1.33	3.80
Proceeds from Short Term Borrowings (Net)	67.60	4.11
Proceeds from issue of Shares	62.39	
Dividend Paid	-17.33	
Interest Paid	-13.46	-6.75
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>100.53</u>	<u>1.16</u>
<b>NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	12.83	19.98
<b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>	31.26	11.28
<b>CASH /CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>44.09</u>	<u>31.26</u>

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

## AUDITORS' REPORT

To  
The Members,  
Shree Pacetronix Limited

We have audited the attached Balance sheet of Shree Pacetronix Limited, as at 31<sup>st</sup> March 2008 and 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.

1. 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.
2. As required by the Companies (Auditors' Report) order 2003 and the Companies (Auditors' report)(Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we Annex hereto, a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to 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 such 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 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 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 read with the significant accounting policies and other notes thereon 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;
    1. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008; and
    2. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and,
    3. In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

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

PLACE : INDORE  
DATE : 25.07.2008

## ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008 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 :-

1. 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. 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.
2. In respect of its inventories :
  - a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories and as explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3.
  - a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control procedures.
5. 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.
6. The Company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
8. 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 in respect of manufacturing activities of the Company.
9. In respect of statutory dues:
  - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date they became payable.
  - b.
    - I. In our opinion and according to the information and explanation given to us, there are no dues in respect of Sales Tax, wealth Tax, Service Tax, Custom duty, Excise Duty and cess that have not been deposited on account of any dispute.
    - II. 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 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	Amount (Rs. in Lacs)	Period (Assessment Year)
1	Income Tax	Tribunal	1.35	2003-04
2	Income Tax	CIT (Appeal)	1.45	2004-05

10. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or and by way of debentures.
12. 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.
13. In our opinion and according to the information and explanation given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi\*/ mutual benefit fund / societies.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments therefore clause 4(XIV) of the Companies (Auditors Report) Order, 2003 is not applicable to the company.
15. 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.
16. The Company has taken term loan from bank during the year. In our opinion and according to information given to us, the term loan taken during the year was applied for the purpose for which the same was raised.
17. 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 the no funds raised on short-term basis have been used for long-term purpose.
18. 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.
19. The Company has not issued any debentures and we are therefore not required to comment on this clause.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.  
Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' report) Order 2003 and the Companies (Auditors' report)(Amendment) Order 2004, Clauses iii(b), iii(c), iii(d), iii(f), and iii(g) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For: S.R.Naredi & Co.  
Chartered Accountants

PLACE: INDORE  
DATE: 25.07.2008

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

### BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE No.	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>A SHARE HOLDERS' FUNDS</b>			
Share Capital	A	35994000	34378208
Reserves & Surplus	B	<u>14224675</u>	<u>6890130</u>
		50218675	41268338
<b>B LOAN FUNDS</b>			
Secured Loans	C	<u>13557744</u>	<u>6665046</u>
Unsecured Loans		13557744	6665046
<b>C DEFERRED TAX LIABILITIES (NET)</b>		<u>851913</u>	<u>661957</u>
(Refer Note 9)		<b><u>64628332</u></b>	<b><u>48595341</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>A FIXED ASSETS</b>	D		
Gross Block		58099376	51466986
Less: Depreciation and Amortisation		<u>31264430</u>	<u>28160774</u>
Net Block		26834946	23306212
<b>B INVESTMENTS</b>	E	8000000	8000000
<b>C CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	F	16361447	11048890
Sundry Debtors	G	12159351	10515825
Cash & Bank Balances	H	3920602	2539210
Loans & Advances	I	<u>6480163</u>	<u>4263854</u>
		38921562	28367779
Less: Current Liabilities & Provisions	J	<u>9128176</u>	<u>11078650</u>
		29793386	17289129
		<b><u>64628332</u></b>	<b><u>48595341</u></b>
<b>NOTES ON ACCOUNTS</b>	T		

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**  
Managing Director

PLACE : INDORE  
DATE : 25.07.2008

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2008	Year Ended 31.03.2007
<b>INCOME</b>			
Sales	K	56721747	54208540
Other Income	L	795324	72804
Increase (+) / Decrease (-) in Stock	M	769719	1599250
		<u>58286790</u>	<u>55880594</u>
<b>EXPENDITURE</b>			
Material Cost	N	18495684	17990692
Manufacturing Expenses	O	6108152	4762594
Employees Remuneration & Benefits	P	12100352	9774894
Administrative Expenses	Q	7151772	8710533
Selling & Distribution Expenses	R	4350753	4913454
Interest	S	1346277	674858
Depreciation and Amortisation		3521400	3453730
Loss on Sale of Assets			83179
		<u>53074390</u>	<u>50363934</u>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		5212400	5516660
Less: Provision for Taxation			
Income Tax		1993290	1595723
Fringe Benefit Tax		280618	269811
Add (-) Deferred Tax		189956	-390374
<b>PROFIT FOR THE YEAR AFTER TAX</b>		2748537	4041500
Less : Prior Period Adjustment			369340
Add : Excess provision for Tax in respect of earlier years			140436
Balance brought forward from last year		5340130	3516859
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		8088667	7329455
Appropriation :			
Proposed Dividend		37100	1700350
Tax for proposed Dividend			288975
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>8051567</u>	<u>5340130</u>
<b>NOTES ON ACCOUNTS</b>	T		
Weighted Average Number of Equity Shares		3485438	3400700
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		0.79	1.19

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2008	31.03.2007
<b><u>SCHEDULE : A: SHARE CAPITAL</u></b>		
<b><u>AUTHORISED</u></b>		
50,00,000 Equity Shares of Rs. 10/- each (Previous Year 50,00,000 Equity shares of Rs. 10/- each)	50000000	50000000
<b><u>ISSUED, SUBSCRIBED AND PAID UP</u></b>		
3599400 Equity Shares of Rs. 10/- fully paid up (Previous Year 3400700 Equity shares of Rs.10/-fully paid up) out of which 124500 Shares of Rs. 10/- each fully paid up were issued for consideration other than cash	35994000	34007000
Add: Shares forfeited (Amount originally paid-up)		371208
<b>TOTAL</b>	<b>35994000</b>	<b>34378208</b>
<b><u>SCHEDULE : B: RESERVES &amp; SURPLUS</u></b>		
<b><u>CAPITAL RESERVE</u></b>		
Capital Subsidy	1500000	1500000
Securities Premium	4673108	50000
Surplus as per Profit & Loss Account Annexed	8051567	5340130
<b>TOTAL</b>	<b>14224675</b>	<b>6890130</b>
<b><u>SCHEDULE : C: SECURED LOANS</u></b>		
<b>A. TERM LOAN</b>		
ICICI Bank, Indore (Car Loan) (Refer Note 3(i))	233338	380019
Bank of India (Refer Note 3(ii))	280000	
<b>B. WORKING CAPITAL LOAN</b>		
Bank of India - Cash Credit (Refer Note 3(iii))	13044406	4285027
Bank of India - Book Debts (Refer Note 3(iii))		2000000
<b>TOTAL</b>	<b>13557744</b>	<b>6665046</b>
<b><u>SCHEDULE : E: INVESTMENTS (AT COST)</u></b>		
<b><u>I. Long Term Investments</u></b>		
a. Investment in shares of Subsidiary Company (unquoted) 8,00,000 fully paid-up equity shares of Rs.10/- each of Shree Coratomic Ltd (aggregate book value of unquoted investments Rs. 80,00,000/-)	8000000	8000000
<b>TOTAL</b>	<b>8000000</b>	<b>8000000</b>
<b><u>SCHEDULE : F: INVENTORIES</u></b>		
(As taken, valued and certified by the Management)		
Raw Materials	9381239	4838401
Stock In Process	2349234	1450866
Finished Goods	3701920	3509788
Traded Goods	929054	1249835
<b>TOTAL</b>	<b>16361447</b>	<b>11048890</b>
<b><u>SCHEDULE : G: SUNDRY DEBTORS</u></b>		
(Unsecured, considered good)		
Exceeding Six Months	2181249	915956
Others	9978102	9599869
<b>TOTAL</b>	<b>12159351</b>	<b>10515825</b>
<b><u>SCHEDULE : H: CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	386869	68539
Balance with Banks		
In Current Accounts	529523	496216
In Fixed Deposits Accounts	2306199	1709538
Accrued Interest on FDR	218643	78578
Bank of India - Dividend Account	479368	186339
<b>TOTAL</b>	<b>3920602</b>	<b>2539210</b>

**SCHEDULE : D : FIXED ASSETS**

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 31.03.2007	Additions	Deductions	As on 31.03.2008	Up to 31.03.2007	For the Year	Written Back	Up to 31.03.2008	As on 31.03.2008	As on 31.03.2007
<b>A. FIXED ASSETS</b>										
LEASE HOLD LAND	193350			193350					193350	193350
BUILDINGS	8675876	699440		9375316	3755125	509561		4264686	5110630	4920751
OFFICE BUILDINGS	3940496		1428274	2512222	1098698	119443	417743	800398	1711824	2841798
PLANT & MACHINERIES	26488528	257348		26745876	16221116	1434050		17655166	9090710	10267412
FURNITURE & FIXTURES	3168738	21894		3190632	1760377	256572		2016949	1173683	1408361
VEHICLES	4987217	122862		5110079	3184931	491332		3676263	1433816	1802286
OFFICE EQUIPMENTS	1052240	100216		1152456	506701	79213		585914	566542	545539
COMPUTERS	1967342	491781		2459123	1374795	330028		1704823	754300	592547
INTANGIBLE ASSETS	234100	6106500		6340600	152051	289666		441717	5898883	82049
TEMPORARY SHED	106980	138412		245392	106980	11534		118514	126878	
<b>B. CAPITAL WORK IN PROGRESS</b>	652119	122211		774330					774330	652119
<b>TOTAL</b>	<b>51466986</b>	<b>8060664</b>	<b>1428274</b>	<b>58099376</b>	<b>28160774</b>	<b>3521400</b>	<b>417743</b>	<b>31264430</b>	<b>26834945</b>	<b>23306212</b>
<b>PREVIOUS YEAR</b>	<b>47450634</b>	<b>4407895</b>	<b>391543</b>	<b>51466986</b>	<b>24956408</b>	<b>3453730</b>	<b>249364</b>	<b>28160774</b>	<b>23306212</b>	<b>22494226</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2008	31.03.2007
<b>SCHEDULE : I : LOANS &amp; ADVANCES</b>		
(Unsecured. Considered good)		
Advance recoverable in cash or in kind or for value to be received	4511031	2820446
Advance Payment of Tax	1648000	1211600
Advance Payment of Fringe Benefit Tax	321072	231808
<b>TOTAL</b>	<b>6480183</b>	<b>4263854</b>
<b>SCHEDULE : J : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 5)	6430508	7059536
<b>(B) PROVISIONS</b>		
Provision for Taxation	1947500	1587650
Provision for Fringe Benefit Tax	270800	255800
Unpaid Dividend	479308	186339
Dividend Payable		1700350
Dividend Tax Payable		288975
<b>TOTAL</b>	<b>9128176</b>	<b>11078650</b>
<b>SCHEDULE : K : SALES</b>		
Sales	56722948	54208540
Vat on Sales	2194215	
	58917163	54208540
Less: VAT / Sales Tax Paid	1909135	
VAT on Purchase	286281	
<b>TOTAL</b>	<b>56721747</b>	<b>54208540</b>
<b>SCHEDULE : L : OTHER INCOME</b>		
Interest Received from bank & other (TDS Rs. 22303/- (Previous Rs.11600/-))	158204	72804
Foreign exchange rate difference.	166403	
Profit on Sale of Fixed Assets	470716	
<b>TOTAL</b>	<b>795324</b>	<b>72804</b>
<b>SCHEDULE : M : INCREASE (+) / DECREASE (-) IN STOCK</b>		
Opening Stock		
Finished Goods	3509768	2345850
Stock in Process	1450966	2056380
Traded Goods	1249835	209000
<b>TOTAL</b>	<b>6210489</b>	<b>4611239</b>
Closing Stock		
Finished Goods	3701920	3509786
Stock in Process	2349234	1450866
Traded Goods	929054	1249835
<b>TOTAL</b>	<b>6980208</b>	<b>6210489</b>
<b>INCREASE (+) / DECREASE (-) IN STOCK</b>	<b>769719</b>	<b>1599250</b>
<b>SCHEDULE : N : MATERIAL COST</b>		
<b>(i) Raw Materials Consumed</b>		
Opening Stock	4838401	6578020
Add : Purchases	21362295	14561220
	26200693	21139346
Less: Closing Stock	9381230	4838401
Raw Materials Consumed	16819457	16300945
<b>(ii) Traded Goods</b>		
Purchases	1676227	1689747
<b>TOTAL</b>	<b>18485684</b>	<b>17990692</b>
<b>SCHEDULE : O : MANUFACTURING EXPENSES</b>		
Consumables, Stores & Spares	441523	333281
Power & Fuel Expenses	768614	717943
Water Charges	23093	46573
Repairs to Plant & Machinery	295790	306908
Laboratory Expenses	325150	279846

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2008	31.03.2007
Repair & Maintenance	173249	137636
Job Work & Labour Charges	417305	272819
Entry Tax	220000	189923
Freight Inward	154410	160032
Repairs to Buildings	461188	452280
Lease Rent & Development Charges	8853	19300
Insurance	103287	100967
Certification Charges	600063	684816
Consultancy & Technical Fees	2115627	
R & D Expenses		581206
Foreign Exchange Rate Difference		219064
<b>TOTAL</b>	<b>6108152</b>	<b>4762594</b>
<b>SCHEDULE : P : EMPLOYEES REMUNERATION. &amp; BENEFITS</b>		
Salaries, Wages, Bonus etc (Refer Note 12)	11582758	9348859
Staff Welfare Expenses	130056	94230
Contribution to Provident and other funds	387538	331805
<b>TOTAL</b>	<b>12100352</b>	<b>9774894</b>
<b>SCHEDULE : Q : ADMINISTRATIVE EXPENSES</b>		
Travelling Expenses	2706995	2761641
Telephone & Fax Charges	333844	341374
Legal & Professional Charges	1388312	1027954
Conveyance Expenses	198330	140047
Deepawali Expenses	45382	30854
Misc. Expenses	291727	237576
Courier & Postage Charges	227551	67007
Rent	120960	141225
Rates & Taxes	165428	155925
Printing & Stationery	482004	516036
Vehicles Running & Maintenance Exp	544576	467498
Auditors Remuneration	169500	41000
Bank Charges	477162	310299
Training Expenses		481510
VAT & Sales Tax		1990587
<b>TOTAL</b>	<b>7151772</b>	<b>8710533</b>
<b>SCHEDULE : R : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Packing Material	229851	70532
Advertisement Expenses	106322	201105
Selling & Business Promotion Expenses	1344834	1295351
Commission	314795	901893
Conference Expenses	224800	364304
Implantation Charges	1205620	1072020
Incentives	236000	777000
I S O Expenses	331604	44896
Royalty	161781	
Freight Outward	195146	186353
<b>TOTAL</b>	<b>4350753</b>	<b>4913454</b>
<b>SCHEDULE : S : INTEREST</b>		
Interest on Term Loan	32228	20164
Interest-others	1314049	654694
<b>TOTAL</b>	<b>1346277</b>	<b>674858</b>

As per our Report of even date attached

For S. R. NAREDI &amp; CO.

Chartered Accountants

(S. R. Naredi)

Proprietor

PLACE : INDORE

DATE : 25.07.2008

For and on behalf of Board of Directors

ATUL KUMAR SETHI

Managing Director

AMITA SETHI

Whole time Director

BANSILAL BAID

Director

**SCHEDULE :T: NOTES ON ACCOUNTS**

Annexed to and forming part of the Accounts for the year ended 31st March 2008)

1. Significant Accounting Policies :

**A. Method of Accounting :**

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

**B. Use of Estimates :**

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

**C. Fixed Assets :**

Fixed assets are stated at cost (net of VAT) less accumulated depreciation. All direct expenses till the date of commencement of production attributable to fixed assets are capitalized.

**D. 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.

**E. Intangible assets :**

Intangible asset are stated at cost of acquisition less accumulated amortisation. Technical know-how has been amortised over the period of ten years. Amortisation is done on straight line basis. Due to change in method of amortizations in pursuance of Accounting Standard 26 "Intangible assets" the amortisation for previous years is Rs.11818/- additionally charged to profit & loss account during this year.

**F. Investments :**

Investments that are intended to be held for more than one year are classified as long-term investment. Long Term investments are stated at cost.

**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 is as follows:

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

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

**H. Borrowing Cost :**

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the costs of such assets. A qualifying assets 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 and reward of ownership of the goods to the buyer and stated at net of discount, rebates, returns and vat.

**J. Foreign Currency Transaction :**

- 1) Transaction denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.
- 2) Monetary items denominated in foreign currencies at the year end are restated at year end rate.
- 3) Non-monetary foreign currency items are carried at cost.
- 4) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets, which are adjusted to the carrying cost of such assets.

**K. Employees benefits :**

- (i) Short term employees benefits like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the year in which the related services are rendered.
- (ii) Post employment and other long term employees benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account.

**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 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 reasonable certainty that these would be realized in future.

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

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. 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. Management is of the view that the value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

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

**3. Security of Loans**

- (i) Term loan from ICICI bank is secured by hypothecation of car (i.e. Tavera).  
(ii) Term loan from Bank of India is secured by hypothecation of Plant and Machinery. Further it is secured by first Charge over fixed assets of the company and personal guarantee of Managing Director, Shri Atul Kumar Sethi and Whole Time Director, Mrs. Amita Sethi.  
(iii) Cash Credit.

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

4. Balance of sundry debtors, sundry creditors, loans & advances are subject to confirmation or reconciliation.  
5. (a) Sundry creditors in schedule J to the Accounts includes (i) Rs. NIL (Previous Year Rs. NIL) due to Micro, Small and Medium Enterprises (ii) Rs. 64.31 Lacs (Previous Year Rs. 70.60 Lacs) due to other creditors. The disclosure is based on the information available with the company regarding the status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006.  
(b) No Overdue amount outstanding as at 31<sup>st</sup> March 2008 to small scale industrial and/or ancillary industrial suppliers on account of principal amounts and interest. The same is disclosed on the basis of the information available with the company regarding the status of suppliers under the "Interest of delayed payments to small scale and ancillary industrial undertaking Act, 1993".  
6. Sundry Debtors includes Rs. 28.15 Lacs (Previous Year Rs.30.89 lacs) due from the subsidiary Company Shree Coratomic Limited.

**7. 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" issued by The Institute of Chartered Accountants of India.

**B. SECONDARY SEGMENTS**

Particulars	India	Rest of The world	Total
1. Segment Revenue	52439888 (51880931)	5077183 (2400413)	57517071 (54281344)
2. Carrying cost of Segment assets	70390984 (59127686)	3365525 (546305)	73756509 (59673991)
3. Addition to Fixed Assets	6632390 (4016352)	Nil (Nil)	6632390 (4016352)

(Previous year figures are in brackets)

## 8 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 Bansilal Baid : Director
- Shri Praveen Badjatya : Director
- Shri Sushil Patni : Director
- c. Other related parties where control exist : Sethi Resins Pvt. Ltd.
- d. Relatives of Key Management personnel and their enterprises where transactions have taken place : Smt. Heera Sethi.

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

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

Nature of Transactions	Related Parties			
	Referred in I (a) Above	Referred in I (b) Above	Referred in I (c) Above	Referred in I (d) Above
1. Sale of Goods / Fixed Assets	6374523 (7382353)	1300000 (Nil)	Nil (Nil)	Nil (Nil)
2. Incentive Paid	236000 (777000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3. Rent	Nil (Nil)	Nil (Nil)	Nil (Nil)	120000 (120000)
4. Remuneration	Nil (Nil)	2045600 (1201920)	Nil (Nil)	Nil (Nil)
5. Receivable	2814602 (3088599)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Previous year figures are in brackets)

- 9 The Company has accounted for Deferred Tax assets and Liabilities in accordance with the Accounting Standard-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. Accordingly Deferred tax Liabilities and Assets are as under :-

Particulars	As At 31.03.2008	As At 31.03.2007
(i) Deferred Tax Liabilities On account Depreciation	1439583	847939
(ii) Deferred Tax Assets on account of Accrued Expenses deductible on payment basis	587670	185982
Net Deferred Tax Liabilities	851913	661957

10. Payment to auditors' 2007-08 2006-07
- (i) Audit Fees 0.41 0.41
- (ii) For taxation matters 0.82 0.38
- (iii) For other matters 0.47 0.46

## 11. Quantitative &amp; Other information.

A	Licensed & Installed Capacity and Production	Licensed Capacity Per annum	Installed* Capacity per annum	Production Per annum
1.	Pacemaker (in Nos)	4800 (4800)	4800 (4800)	1972 (1827)

(Previous year figures are in brackets)

● As Certified By the Management

	Quantity (in Nos.)		Value(Rs. in Lacs)	
	31.03.08	31.03.07	31.03.08	31.03.07
B. Opening Stock				
(a) Pacemaker	182	131	35.10	23.46
(b) Stent & Others	-	-	12.50	2.09
C. Purchases (Net) of Traded Goods				
(a) Pacemaker	-	1	-	0.40
(b) Stent & Others	-	-	16.76	16.50
D. Turnover of Goods produces / Purchased				
(a) Pacemaker	1991	1777	535.78	536.76
(b) Stent & Others	-	-	31.44	5.33
E. Closing Stock				
(a) Pacemaker	163	182	37.02	35.10
(b) Stent & Others	-	-	9.29	12.50
F. RAW MATERIALS CONSUMED:			168.19	163.01
G. Imported and Indigenous Consumption:				
Imported			145.18	145.69
(in %)			86.32%	89.37%
Indigenous			23.01	17.32
(in %)			13.68%	10.63%
H. C I F Value of Imports during the year				
Raw Materials.			151.65	94.83
Traded Goods			2.20	13.99
I. Expenditure in Foreign Currency				
Consultancy Fees			21.16	1.77
R & D Expenses			-	5.76
Others			46.07	9.78
Royalty			1.62	-
J. Remittance in Foreign Currency On account of dividends			3.36	-
K. Earnings in Foreign Exchange.				
Export of Goods			50.77	24.00
12. Payment to Directors				
Remuneration			17.84	11.76
Contribution to P.F.			2.62	0.26
13. Contingent liabilities not provided for in respect of :-				
a) Guarantee given by Banks			21.91	15.94
b) Disputed demands of Income-Tax			2.80	2.80
14. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).			12.65	13.87
15. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year.				
16. 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**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

PLACE : INDORE  
DATE : 25.07.2008

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

<b>1 Registration Details</b>	:		
Registration No.	:	04317 of 1988	
State Code	:	10	
Balance Sheet Date	:	31 <sup>st</sup> March, 2008	
<b>2 Capital raised during the year</b>			<b>(Rs. in Thousands)</b>
Public Issue	: NIL	Right Issue	: NIL
Bonus Issue	: NIL	Promoters & their Friends & Relatives	: 1987.000
<b>3 Position of Mobilisation and deployments of Funds.</b>			<b>(Rs. in Thousands)</b>
Total Liabilities	:	64628.332	
Total Assets	:	64628.332	
<b>SOURCES OF FUNDS</b>			
Paid-up Capital	:	35994.000	
Reserves & Surplus	:	14224.675	
Secured Loans	:	13557.744	
Unsecured Loans	:	0.000	
Deferred Tax Liabilities (Net)	:	851.913	
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	:	26834.946	
Investment	:	8000.000	
Net Current Assets	:	29793.386	
Misc Expenditure	:	--	
Accumulated Losses	:	--	
<b>4 Performance of Company :</b>			<b>(Rs. in Thousands)</b>
Turnover	:	58286.790	
Total Expenditure	:	53074.390	
Profit Before Tax	:	5212.400	
Profit After Tax	:	2748.537	
Earning Per Share (in Rs.)	:	0.79	
Dividends Rate (in %)	:	--	
<b>5 Generic Names of Three Principal Products/Services of Company</b>			
Item Code No. (ITC Code)	:	--	
Product Description	:	Pacemaker	Pacemaker

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**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

PLACE : INDORE  
DATE : 25.07.2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008

(Rs. in lacs)

	2007-08	2006-07
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items as per profit & loss account	52.12	55.17
Add(+) / Deduct(-)		
Depreciation	35.21	34.54
Interest Income	-1.58	-0.73
Prior Period Adjustment		-3.69
Profit(-) / Loss on sale on assets	-4.71	0.83
Interest	13.46	6.75
	42.38	37.70
Operating Cash Profit before working capital changes	94.50	92.87
Add(+) / Deduct(-)		
Trade & other Receivable	-33.34	-14.42
Inventories	-53.12	1.40
Trade Payable & other liabilities	-6.28	1.55
	-92.74	-11.47
Cash Generation from Operations	1.76	81.40
Deduct (-) Direct Taxes Paid	-24.25	-18.67
	-24.25	-18.67
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-22.49</b>	<b>62.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / outflow (-)		
Sale of Fixed assets	14.81	0.59
Purchase of Assets	-80.61	-44.08
Interest Recd	1.58	0.73
	-64.22	-42.76
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-64.22</b>	<b>-42.76</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / outflow (-)		
Proceeds from Long Term Borrowings (Net)	1.33	3.80
Proceeds from Short Term Borrowings (Net)	67.60	4.11
Proceeds from Issue of Shares	62.39	
Dividend Paid	-17.33	
Interest Paid	-13.46	-6.75
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>100.53</b>	<b>1.16</b>
<b>NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>13.82</b>	<b>21.13</b>
<b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>	<b>25.39</b>	<b>4.26</b>
<b>CASH /CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>39.21</b>	<b>25.39</b>

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

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director



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

Name of Subsidiary Company	: SHREE CORATOMIC LIMITED
1. The Financial Year of the Subsidiary Company Ended on	: 31 <sup>st</sup> March 2008
2. Date from which they became subsidiary Company	: 04-01-1995
3. (a) Number of Shares Held by M/s Shree Pacetronix Ltd, with its nominees in the subsidiary at the end of the Financial year of the Subsidiary Company	: 8,00,000 Equity Shares of Rs10/- each fully paid up.
(b) Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company	: 99.91%
4. The net aggregate amount of the subsidiary company's Profit / (Loss) so far as it concerns the members of the holding company and	
[a] Not dealt with in the Holding Company's accounts	
(i) For the Financial Year ended 31 <sup>st</sup> March 2008	: Rs.(-)89904
(ii) For the previous financial year since it became subsidiary.	: Rs. 161597
[b] Dealt with in Holding Company's accounts.	
(i) For the Financial Year ended 31 <sup>st</sup> March 2008	: Nil
(ii) For the previous financial year since it became subsidiary.	: Nil
5 As the financial year of the above subsidiary company coincide with the financial year of the Holding Company, Section 212(5) of the Companies Act,1956 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 : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

**NOTICE**

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of the Company will be held on Thursday, 25th September, 2008 at 10 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, 2008 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. Atul Kumar Sethi 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

**ATUL KUMAR SETHI**  
CHAIRMAN

PLACE : INDORE  
DATE : 25.07.2008

**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. Explanatory statement pursuant section 173(2) of the companies act, 1956 is attached herewith
3. 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 Thirteenth Annual Report of your Company along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2008.

State of Company's Affairs :

## FINANCIAL RESULTS

	(Amount in Thousand)	
	2007-2008	2006-2007
Total Sales	7205.84	11343.06
Profit before Depreciation & Interest	339.57	179.97
Less : Depreciation	114.51	62.09
Profit/Loss for the year before Tax	225.06	117.88
Less : Provision for Taxation		
Current Tax	23.77	49.31
Fringe Benefit Tax	8.73	28.55
Deferred Tax	282.47	2.14
Net Profit/Loss for the year	89.90	42.15
Add : Balance Brought Forward	161.60	119.45
Balance Carried to Balance sheet	71.69	161.60

## B. Operational performance and Future Outlook

The operating and financial performance of your company during the year under review has been satisfactory. Your company has turned around the face and converted into a profit making company after square off all the previous year losses. However there has been a decline in total sales of the company but the Profit during the year has increased due to reduction in expenditure cost. Your directors are hopeful for much better performance in the years to come.

## 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 Atul Kumar Sethi 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, 2008 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.

By order of the board of  
SHREE CORATOMIC LIMITED

ATUL KUMAR SETHI  
CHAIRMAN

PLACE : INDORE  
DATE : 25.07.2008

**COMPLIANCE CERTIFICATE**

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

CIN of the Company – L33112MP1995PLC008917

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

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

To,  
The Members,  
**Shree Coratomic Limited**  
Indore.

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, 2008 (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, 2007 was held on 29<sup>th</sup> September 2007 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 Shree Coratomic Limited (For 31.03.2008)
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 31st March 2008 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.

PLACE : INDORE  
DATE : 25.07.2008

Signature :  
Name of the Company Secretary : **ASHISH GARG**  
FCS 5181 CP 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 165
5. Minutes Book of Board Meeting under Section 193.
6. Books of Accounts under Section 209
7. Register of Contracts under Section 301
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 31st March 2008.**

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 31.03.2007	19.01.2008	No	Yes
2	Annual Return	Sec. 159	AGM held on 29.09.2007	19.01.2008	No	Yes
3.	Compliance Certificate	Sec.383 A	For the Financial year ended 31.03.2007	19.01.2008	No	Yes
4.	DIN 3	Companies(DIN) Rules 2006	Information of DIN	28.06.2007	Yes	No

PLACE : INDORE  
DATE : 25 07 2008

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

## AUDITORS' REPORT

To  
The Members,  
Shree Coratomic Limited

We have audited the attached Balance sheet of Shree Coratomic Ltd., as at 31<sup>st</sup> March 2008 and also the Profit and Loss Account 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.

1. 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.
2. As required by the Companies (Auditor's Report) order 2003 and the Companies (Auditors' report)(Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we Annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to 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 such books.
  - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - (iv) In our Opinion, the Balance Sheet and Profit and Loss Account 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 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2008 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 read with the significant accounting policies and other notes thereon 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;
    1. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2008; and
    2. In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

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

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director



**ANNEXURE TO THE AUDITORS' REPORT**

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008 OF SHREE CORATOMIC LTD

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

1. 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 which in our opinion is reasonable, having regard to the size of the Company and nature of its business. No material discrepancies were noticed on such physical verification.
  - c) 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.
2. In respect of its inventories:
  - a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories, as explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3.
  - a) The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956.
  - b) The company has not taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal controls procedures.
5. 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, 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.
6. 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 Act and the rules framed there under.
7. In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
8. 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.
9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues as applicable have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2008 for a period of more than six months from the date they became payable.
  - b) On the basis of our examination of the documents and records, and the information and explanations given to us, there are no disputed statutory dues on account of Income Tax, Sales Tax, wealth Tax, Service Tax and Excise Duty which have not been deposited with the appropriate authorities.

10. The company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. The Company has not taken any loans from the banks, financial institutions or debenture holders, therefore clause 4(XI) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
12. 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.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund / societies.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments therefore clause 4(XIV) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. 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.
16. The Company has not taken any Term loan therefore, clause 4 (xvi) of the Companies (Auditors' report) order 2003 is not applicable to the company.
17. 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 investment.
18. 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.
19. The Company has not issued any debentures and we are therefore not required to comment on this clause.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us and to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year.

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' report) Order 2003 and the Companies (Auditors' report) (Amendment) Order 2004, Clauses iii(b), iii(c), iii(d), iii(f), and iii(g) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For S. R. NAREDI & CO.  
Chartered Accountants

PLACE : INDORE  
DATE : 25.07.2008

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

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2008

PARTICULARS	SCHEDULE No.	AS AT 31.03.2008 Rs.	AS AT 31.03.2007 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
A SHARE HOLDERS' FUNDS			
Share Capital	A	8007000	8007000
Reserves and Surplus	B	71693	161597
		8078693	8168597
B DEFERRED TAX LIABILITY		295973	13506
		<u>8374666</u>	<u>8182103</u>
<b><u>APPLICATION OF FUNDS</u></b>			
A FIXED ASSETS	C		
Gross Block		8566884	566885
Less: Depreciation/Amortisation		490106	375601
Net Block		8076778	191284
B CURRENT ASSETS, LOANS & ADVANCES			
Inventories	D		70720
Sundry Debtors	E	2028893	2466742
Cash & Bank Balances	F	488874	587081
Loans & Advances	G	643583	472172
		3161350	3596715
Less: Current Liabilities & Provisions	H	2874582	3622574
		286768	-25859
C MISCELLANEOUS EXPENDITURE I (To the extent not written off or adjusted)		11120	8016678
		<u>8374666</u>	<u>8182103</u>
NOTES ON ACCOUNTS	Q		

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

(S. R. Naredi)  
Proprietor  
PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2008	Year Ended 31.03.2007
<b>INCOME</b>			
Sales	J	7205844	11343059
Other Income	K	242500	782844
Increase (+) / Decrease(-) in Stock	L	-70720	-1685152
<b>TOTAL</b>		<b>7377624</b>	<b>10440751</b>
<b>EXPENDITURE</b>			
Purchases	M	6411323	7540742
Employees Remuneration & Benefits	N	67053	927718
Administrative Expenses	O	201741	1090526
Selling & Distribution Expenses	P	352380	696240
Depreciation & Amortisation		114506	62094
Preliminary Expenses W/off		5558	5558
<b>TOTAL</b>		<b>7152561</b>	<b>10322878</b>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		<b>225063</b>	<b>117873</b>
Less: Provision for Taxation			
Current Tax		23774	49315
Fringe Benefit Tax		8727	28552
Add(-): Deferred Tax		282466	-2144
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>-89904</b>	<b>42150</b>
<b>BALANCE BROUGHT FORWARD FROM LAST YEAR</b>		<b>161597</b>	<b>119448</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>71693</b>	<b>161597</b>
NOTES ON ACCOUNTS	Q		
Weighted Average Number of Shares		800700	800700
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		<b>-0.11</b>	<b>0.05</b>

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

**SHREE CORATOMIC LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET**

31.03.2008                      31.03.2007  
Rs.                                      Rs.

**SCHEDULE : A : SHARE CAPITAL**  
**AUTHORISED**

20,00,000 Equity Shares of Rs. 10/- each (Previous year 20,00,000 Equity shares of Rs. 10/- each) 20000000                      20000000

**ISSUED, SUBSCRIBED AND PAID-UP**

8,00,700 Equity Shares of Rs. 10/- fully paid up (Previous Year 8,00,700 Equity shares of Rs.10/-) out of which 8,00,000 Equity Shares of Rs. 10/- each fully paid up is held by the Holding Company i.e. Shree Pacetronix Ltd. 8007000                      8007000

**TOTAL** **8007000                      8007000**

**SCHEDULE : B : RESERVES AND SURPLUS**

Surplus as per profit and loss account attached 71693                      161597

**TOTAL** **71693                      161597**

**SCHEDULE : C : FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	AS AT 31.03.07	ADDITIONS	AS AT 31.03.08	UP TO 31.03.07	FOR THE YEAR	UP TO 31.03.08	AS AT 31.03.08	AS AT 31.03.07
COMPUTERS	326690		326690	254135	29022	283157	43533	72555
FURNITURE & FIXTURES	127254	-	127254	72295	9947	82242	45011	54959
OFFICE EQUIPMENTS	112941	-	112941	49170	8870	58040	54900	63771
TECHNOLOGY PURCHASE		8000000	8000000		66666	66666	7933334	
TOTAL	566884	8000000	8566884	375600	114506	490106	8076778	191284
PREVIOUS YEAR	523355	43530	566885	313507	62094	375601	191284	209848

**SCHEDULE : D : INVENTORIES**

(As taken, valued and certified by the Management)

Finished Goods 70720

**TOTAL** **70720**

**SCHEDULE : E : SUNDRY DEBTORS**

(Unsecured, considered good)

(a) Exceeding six months 374976                      402741

(b) Others 1653917                      2064001

**TOTAL** **2028893                      2466742**

**SCHEDULE : F : CASH & BANK BALANCES**

Cash in Hand 155386                      13452

Balance with Banks in Current Accounts

Bank of India, Indore 5678                      5678

I C I C I Bank 212653                      459294

F D R with Bank 100000                      100000

Accrued Interest on FDR 15157                      8657

**TOTAL** **488874                      587081**

**SCHEDULE : G : LOANS & ADVANCES**

(Unsecured, Considered good)

Advance recoverable in cash or in kind or for value to be received 554245                      378605

Advance Tax / T D S 1312

Advance Payment of F B T 89338                      92255

**TOTAL** **643583                      472172**

**SHREE CORATOMIC LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	31.03.2008	31.03.2007
	Rs.	Rs.
<b><u>SCHEDULE : H : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
(A) CURRENT LIABILITIES		
Sundry Creditors	2842673	3555274
(B) PROVISIONS		
Provision for Taxation	23182	46100
Provision for F B T	8727	21200
<b>TOTAL</b>	<b>2874582</b>	<b>3622574</b>
<b><u>SCHEDULE : I : MISCELLANEOUS EXPENDITURE</u></b>		
Preliminary Expenses	11120	16678
Technology Purchased		8000000
	<b>11120</b>	<b>8016678</b>
<b><u>SCHEDULE : J : SALES</u></b>		
SALES	7205844	11343059
VAT on Sales	300390	
<b>TOTAL</b>	<b>7506234</b>	<b>11343059</b>
Less : VAT on Purchase	256465	
VAT Paid	43925	
<b>TOTAL</b>	<b>7205844</b>	<b>11343059</b>
<b><u>SCHEDULE : K : OTHER INCOME</u></b>		
Interest Received (TDS Rs.Nil, Previous Year Rs.1312/-)	6500	5844
Incentive Received	236000	777000
<b>TOTAL</b>	<b>242500</b>	<b>782844</b>
<b><u>SCHEDULE : L : INCREASE (+) / DECREASE (-) IN STOCK</u></b>		
Opening Stock		
Finished Goods	70720	1755872
<b>TOTAL</b>	<b>70720</b>	<b>1755872</b>
Closing Stock		
Finished Goods		70720
<b>TOTAL</b>		<b>70720</b>
<b>INCREASE (+) / DECREASE (-) IN STOCK</b>	<b>-70720</b>	<b>-1685152</b>
<b><u>SCHEDULE : M : PURCHASE</u></b>		
Purchase	6411323	7540742
	<b>6411323</b>	<b>7540742</b>
<b><u>SCHEDULE : N : EMPLOYEES REMUNERATION &amp; BENEFITS</u></b>		
Salaries, Wages, Bonus etc	64638	900814
Staff Welfare	2415	26904
<b>TOTAL</b>	<b>67053</b>	<b>927718</b>
<b><u>SCHEDULE : O : ADMINISTRATIVE EXPENSES</u></b>		
Travelling Expenses	10537	171317
Telephone & Mobile Expenses	7816	86482
Legal & Professional Expenses	47190	115289
Conveyance Expenses	8771	38765
Miscellaneous Expenses	36306	81752
Courier & Postage Charges	13845	15738
Rates & Taxes	850	2500
Printing & Stationery	8753	34492
Auditor's Remuneration	19500	19500
Bank Charges	48173	56812
Value Added Tax / Central Sales Tax		440436
Car Expenses		27443
<b>TOTAL</b>	<b>201741</b>	<b>1090526</b>

SHREE CORATOMIC LIMITED  
SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2008	31.03.2007
	Rs.	Rs.
<b><u>SCHEDULE : P : SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Selling & Business Promotion Expenses	106740	46150
Implantation Charges	245640	148340
Commission		501750
<b>TOTAL</b>	<b>352380</b>	<b>696240</b>

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

(S. R. Naredi)  
Proprietor

PLACE : INDORE  
DATE : 25.07.2008

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**BANSILAL BAID**  
Director

**SCHEDULE : Q : NOTES ON ACCOUNTS****1. Significant Accounting Policies :****A. Method of Accounting :**

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

**B. Use of Estimates :**

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

**C. Fixed Assets :**

Fixed assets are stated at cost (net of VAT) less accumulated depreciation and VAT. All direct expenses till the date of commencement of production attributable to fixed assets are capitalized.

**D. 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.

**E. Intangible assets**

Intangible asset are stated at cost of acquisition less accumulated amortisation. Technical know-how has been amortised over the period of ten years. Amortisation is done on straight line basis.

**F. Inventories :**

Inventories of Finished Goods are valued At cost or net realizable value whichever is lower. Cost comprise all cost of purchase, other costs incurred in bringing the inventories to their present location and condition. Cost formulae used is "First-in-First-out".

**G. Miscellaneous Expenditure :**

(Written off or Adjusted)

Preliminary expenses being written off over a period of 10 Years.

**H. Revenue Recognition / Sales :**

Sales revenue is recognized 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.

**I. Employees Benefits :**

Provision for Gratuity and Leave encashment are not made, because there is no Liabilities arises on this account

**J. 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 reasonable certainty that these would be realized in future.

**K. Provision, Contingent Liabilities and Contingent Assets :**

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**L. Impairment of Assets :**

Management is of the view that the value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value



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. Balance of sundry debtors, sundry creditors, loans & advances are subject to confirmation or reconciliation.
4. Sundry creditors in schedule H(i) to the Accounts include (i) Rs. 28.15 Lacs (Previous Year Rs. 30.89 Lacs) due to Micro, Small & Medium Enterprises (ii) Rs. 0.28 Lacs (Previous Year Rs. 4.63 Lacs) due to other creditors. The disclosure is based on the information available with the company regarding the status of suppliers under the Micro, Small & Medium Enterprises Development Act, 2006.

**5. 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" issued by The Institute of Chartered Accountants of India.

**6. 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
  - Shri Rajesh Bhale : Director
  - Shri Sushil Patni : Director
- c. Other related parties where control exist ;  
SETHI RESINS PRIVATE LIMITED
- d. Relatives of Key Management personnel and their enterprises where transactions have taken place : NIL

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

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

Nature of Transactions	Related Parties		
	Referred in I (a) above	Referred in I (b) above	Referred in I (c) above
1. Purchases of Goods	6374523 (7382353)	Nil (Nil)	Nil (Nil)
2. Incentive Recd	236000 (777000)	Nil (Nil)	Nil (Nil)
3. Payable	2814602 (3088599)	Nil (Nil)	Nil (Nil)

(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" issued by the Institute of Chartered Accountants of India. Accordingly Deferred Tax liabilities are as under :-

Particulars	As At 31.03.2008	As At 31.03.2007
Deferred Tax Liabilities On account of Depreciation	295973	13506
8. Payment to auditor		
Audit Fees	19500	19500

## 9. Quantitative &amp; Other information.

	Quantity (in Nos.)		Value (Rs. in Lacs)	
	31.03.08	31.03.07	31.03.08	31.03.07
A Opening Stock				
(a) Pacemaker*	-	46	-	13.75
(b) Stents	3	29	0.71	3.81
B Purchase				
(a) Pacemaker*	236	259	64.11	75.08
(b) Stents	-	2	-	0.33
C Turnover of Goods produces / Purchased				
(a) Pacemaker*	236	305	72.06	110.21
(b) Stents	3	28	-	3.22
D Closing Stock				
(a) Pacemaker*	-	-	-	-
(b) Stents	-	3	-	0.71
*Pacemakers include its Accessories.				
10 Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).			NIL	NIL
11 Contingent liabilities not provided for in respect of guarantee given by bank			1.00	1.00
12. 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.				
13. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year.				
14. 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

For and on behalf of Board of Directors

(S. R. Naredi)  
Proprietor

ATUL KUMAR SETHI  
Director

AMITA SETHI  
Director

PLACE : INDORE  
DATE : 25.07.2008

## SHREE CORATOMIC LIMITED

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

1	Registration Details		:			
	Registration No.	:	08917	of 1995		
	State Code	:	10			
	Balance Sheet Date	:	31 <sup>st</sup> March, 2008			
2	Capital raised during the year			(Rs. in Thousands)		
	Public Issue	:	NIL	Right Issue	:	NIL
	Bonus Issue	:	NIL	Promoters & their Friends & Relatives	:	NIL
3	Position of Mobilisation and deployments of Funds.			(Rs. in Thousands)		
	Total Liabilities	:		8374.866		
	Total Assets	:		8374.866		
	<u>SOURCES OF FUNDS</u>					
	Paid-up Capital	:		8007.000		
	Reserves & Surplus	:		71.693		
	Secured Loans	:		--		
	Unsecured Loans	:		--		
	Deferred Tax Liabilities (Net)	:		295.973		
	<u>APPLICATION OF FUNDS</u>					
	Net Fixed Assets	:		8076.778		
	Investment	:		--		
	Net Current Assets	:		286.768		
	Misc Expenditure	:		11.120		
	Accumulated Losses	:		--		
4	Performance of Company :			(Rs. in Thousands)		
	Turnover	:		7377.624		
	Total Expenditure	:		7152.561		
	Profit Before Tax	:		225.063		
	Profit After Tax	:		-89.904		
	Earning Per Share (in Rs.)	:		-0.11		
	Dividends Rate (in %)	:		--		
5	Generic Names of Three Principal Products/Services of Company					
	Item Code No. (ITC Code)	:		--		
	Product Description	:		Pacemaker		

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 : 25.07.2008

**ATUL KUMAR SETHI**

Director

**AMITA SETHI**

Director

**Shree Pacetronix Limited**

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

**PROXY FORM**  
**20th Annual General Meeting**

Folio No. \_\_\_\_\_

(To be filled by the Share Holder)

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

\_\_\_\_\_ in the district of \_\_\_\_\_

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

M/s. SHREE PACETRONIX LIMITED hereby appoint \_\_\_\_\_ or failing him/

her \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on Thursday, 25th September, 2008 at Regd. Office of the Company at 10.30 A. M., and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008

For office use :

Proxy No. :

Date of Receipt :

No. of Shares

Affix Re. 1  
Revenue  
Stamp

N.B. : The instrument appointing proxy shall be deposited at the Secretarial Department of the Company not less than 48 hours before the Commencement of the meeting.

**Shree Pacetronix Limited**

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

**20th Annual General Meeting**

**ATTENDANCE SLIP**

Name of Member \_\_\_\_\_ Folio No \_\_\_\_\_

No. of Shares Held \_\_\_\_\_ (to be filled in by the Share Holders)

Name of the Proxy \_\_\_\_\_

(to be filled only when a proxy attends the meeting)

I hereby record my presence at the 20th Annual General Meeting of the Company at Registered Office of the Company on Saturday, 25th September, 2008 at 10.30 A. M.

Signature of Member/Proxy

\* This slip may please be handed over at the entrance of the meeting hall.

**BOOK - POST**

*If undelivered please return to :*

**Shree Pacetronix Limitd**

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

**Pin - 454775**