

**20th
Annual Report
2012-2013**



THE KARTARZ

PACT INDUSTRIES LIMITED

BOARD OF DIRECTORS

CHAIRMAN

SH. AVTAR SINGH TAKKAR

MANAGING DIRECTOR

SH. GURDEEP SINGH TAKKAR

MANAGING DIRECTOR

SH. HARPREET SINGH TAKKAR

INDEPENDENT DIRECTOR

S. AMARJIT SINGH

S. NARINDERJIT SINGH SETHI

S. AMANDEEP SINGH

AUDITORS

RAJESH MEHRU & CO.
CHARTERED ACCOUNTANTS
2761/11, Gurdev Nagar,
Imperial Hotel Street
LUDHIANA - 141001

BANKERS

STATE BANK OF INDIA,
MILLER GANJ, LUDHIANA

REGISTERED OFFICE & WORKS

KARTAR COMPLEX, G.T. ROAD, JAL. BYPASS, LUDHIANA
BILGA ROAD, VILL SAHNEWAL, LUDHIANA

303, HOTEL THE TAKSONZ
OPP. RAILWAY STATION
LUDHIANA

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PACT INDUSTRIES LIMITED

Financial Highlights – 7 Years at a Glance

(Rs. in Lacs)

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	4977.59	4566.50	2042.75	1989.81	1963.68	859.96	2304.20
Total Income	5041.82	4635.95	2042.93	1990.09	1964.73	862.01	2316.61
Earning Before Depreciation, Interest and Tax	189.29	139.80	15.66	10.04	44.74	61.54	180.22
Depreciation	66.51	67.33	5.77	6.64	8.00	10.84	93.16
Profit before Tax	12.79	11.92	2.77	2.18	2.10	1.93	26.43
Equity Share Capital	494.08	494.08	494.08	494.08	494.08	494.08	494.08
Reserve and Surplus	268.21	197.04	520.69	512.83	503.60	522.56	1318.97
Net worth	730.87	691.12	1014.77	1006.24	997.68	1016.64	1813.05
Gross Fixed Assets	879.28	796.01	1159.10	726.44	602.56	612.26	1314.92
Net fixed Assets	658.07	641.30	678.99	250.97	133.72	151.42	549.70
Total Assets	2481.82	2137.78	1878.08	1255.77	1204.82	1570.81	2652.90

PACT INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of the Company will be held on Monday the 30th day of September, 2013 at 02.45 P.M. at 303, Hotel The Taksonz, Opp. Railway Station, Ludhiana to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors and Compliance Certificate thereon.
2. To appoint a director in place of Sh. Harpreet Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sh. Amarjit Singh Walla who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the Financial Year 2013-2014 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of Company and to fix their remuneration. M/s Rajesh Mehru & Co., Chartered Accountants the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Brij K. Tiwari & Associates, Practising Company Secretaries, be and are hereby re-appointed for issuance of Compliance Certificate in terms of the provisions of Section 383A(1)(a) of the Companies Act, 1956 and to hold the office till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board and agreeable to them.

Notes:

1. A member entitled to attend and vote at his Annual General Meeting is entitle to appoint one/more proxy (ies) to attend instead of himself/herself and such proxy need not be a member of the company. A blank and vote proxy form is enclosed. Proxies in order to be effective must be with the company duly executed not less then 48 hours before the commencement of Annual General Meeting at the registered office of the company.
2. Member/proxies should bring the attendance slip duly filled in Annual General Meeting.
3. Members are requested to notify any changes in their residential address immediately to the company.
4. The share transfer books & register of the share transfer shall remain closed from Friday the 27th Sep, 2013 to Monday 30th Sep, 2013(both days inclusive).
5. Members are requested to bring their copy of Annual Report along with them to the meeting.
6. Members are requested to quote their Folio No. in all their correspondence with the company.
7. Members desiring any information on the accounts or other items of the agenda are requested to write to company at least 7 days before the Annual General Meeting so that management may keep the information ready.
8. Member may kindly note that no gift will be distributed at the Annual General Meeting.

**BY THE ORDER OF THE BOARD
FOR PACT INDUSTRIES LTD.**

**PLACE: LUDHIANA
DATE: 05th September, 2013**

CHAIRMAN

PACT INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5

M/s. Brij K. Tiwari & Associates, Practising Company Secretaries are retiring at the ensuing general meeting and are eligible for re-appointment.

Your board recommends the resolution mentioned under item no. 6 for your approval.

None of the directors is interested.

PACT INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 20th Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

(FIGURES IN LACS)

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
Turnover & Other Incomes	5041.82	4635.95
Profit before interest & Dep.	189.29	139.80
Interest	109.99	60.55
Depreciation	66.51	67.33
Profit before Tax	12.79	11.92
Provision for tax (including deferred tax liab.)	4.28	0.46
Profit after tax	8.51	11.46
Less: Income tax of previous years	0.00	0.00
Adjustments/ Losses	0.00	9.71
Transfer to General Reserve	0.00	0.00
Balance carried forward from earlier year (Net of Deferred tax liabilities)	15.43	13.68
Carried to Balance Sheet	20.09	15.43

MANAGEMENT DISCUSSIONS AND ANALYSIS OVERVIEW:

a) Business:

The Company is manufacturing steel Ingots and the future is bright since all the products manufactures by the company will be consumed by the cycle and auto parts manufacturing units situated at Ludhiana. The board does not foresee any problem from sales and marketing point of view. As far as manufacturing is concerned there will not be any problem since the raw material and specialized labour is easily available in the city.

In addition the company is also continuing with its business of fabric trading. Since the company does not foresee major expansion in fabric business it is concentrating on casting business.

b) Financial Analysis and Review of Operations:

• PRODUCTION AND SALES REVIEW :

During the year under review, Company has registered a turnover of Rs. 5041.82 lacs as compared to Rs.4635.95 lacs showing growth over the previous year's turnover. The business- wise performance is as under:

i) **Fabric & cloth:** During the year, the Sales of processed fabric increased from 2025.77 lacs to 2035.99 lacs showing good growth over the previous year. The Production of processed fabric also increased during the year. Besides this during the year the Company has undertaken fabrication of outside parties although fabrication of knitted cloth has decreased.

ii) **Garments:** The Company has not done any business in garment segment due to huge competition.

PACT INDUSTRIES LIMITED

iii) **Steel** :- During the year, the Sales of Ingots (Steel) increased from 2540.72 lacs to 3005.83 lacs showing good growth over the previous year. The Production of Steel also increased during the year,

• PROFITABILITY:

During 2012-13, the company generated EBITD of Rs. 189.29 Lacs as compared to Rs. 139.80 Lacs in the previous year registering an annualized increase of 35.40 per cent on a year to year basis.

RESOURCES UTILISATION:

i) **Fixed Assets:** the Company's gross block stood at Rs. 879.28 Lacs on March 31, 2013 as compared with Rs. 796.01 Lacs as at March 31, 2012.

ii) **Working Capital:** The Company makes aggressive purchases of raw material with a seasonal availability to capitalize on cyclical opportunity. This translates into a large raw material inventory reflected in the numbers drawn on the Balance Sheet date. As a matter of fiscal prudence, the company deploys JIT for all other raw materials. The delivery period of the finished goods may extend over the period of time, depending upon the manufacturing limitations and economics of batch manufacture. As on the balance sheet date, inventories included the stocks dispatched to customers against which the documentary completion was pending.

Total working capital limit availed from bank as on date of drawing the balance sheet was at Rs.658.94 Lacs compared to Rs. 585.68 Lacs as on March 31, 2012.

• FINANCIAL CONDITIONS & LIQUIDITY:

Management believes that the Company's liquidity and capital resources should be sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below:

	2012-13	(Rs. in Lacs) 2011-12
Cash & Cash equivalents:		
Beginning of the year	254.38	9.49
End of the Year	170.42	254.38
Net Cash provided (used) by:		
Operating Activities	-125.31	43.70
Investing Activities	-113.59	-127.16
Financial Activities	154.94	328.35

d) Internal control System:

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. Internal Audit in the organization is an independent appraisal activity and it measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board.

e) MANAGEMENT perception of Risk & Concern:

The probable material effects of an uncertain environment (both internal as well as external) on business goals are identified. The factors, which could affect the performance vis-à-vis, the stated objectives are determined. Each and every activity is analyzed and the internal and external forces acting on them along with the negative resultant which could possibly surface is identified where internal factors are perceived to be the drivers, adequate policy- procedure checks are installed within the business processes for earlier recognition and corrective measure to overcome the same. In case of external drivers, a continuous cost benefit analysis is done to take a proactive approach and safe guard the business outcome on a substantial basis.

Risk is necessary part and parcel of each business and risk taking is must for business growth. However, negative impact of business risk has to be managed through effective risk management both at policy formulation and implementation levels. Operations of the company are subject to general business risks, which include competition in the market both national and international, fluctuation in currency parity and political and social instability in the country. Though adequate care is taken to minimize impact of such imponderables but it should be understood that these inherent and inescapable in any business situation.

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f) Human Resources / Industrial Relations:

The Company continues to lay emphasis on building and sustaining excellent organization climate based on human performance. Performance management is the key word for the Company.

Pursuit of proactive policies for industrial relations has a peaceful and harmonious situation.

SUBSIDIARIES

The company does not have any subsidiary.

NO DEFAULT

The company has not defaulted in payment of interest and/ or repayment of loans to any of the financial institution and/or banks during the period under review.

DIVIDENDS

Directors are of the view that as the Expansion Programme has already been announced and to implement the capital-intensive plans together with loan repayment; these shall be made from operating surplus. The reserves & surplus of the Company have been kept intact to facilitate this purpose, so dividends have not been recommended for the year ending 31.03.2013 in the long term interest of the company.

DIRECTORS

S. Harpreet Singh & S. Amarjit Singh Walla are retiring by rotation and being eligible offers themselves for re-appointment. Keeping in view their contribution to the company the board recommends their re-appointment.

AUDITORS

M/s. RAJESH MEHRU & Co., Chartered Accountants the statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITOR'S REPORT

The Auditors Report and Notes to the accounts are self-explanatory and do not call for further comments.

APPOINTMENT OF CSP

M/s. Brij K. Tiwari & Associates, Company Secretaries, retire at the forthcoming Annual General Meeting and are eligible for reappointment. The Compliance Certificate received in accordance with the provisions of Section 383A(1)(a) read with the Companies (Compliance Certificate) Rules, 2001 is annexed to the Directors report. The board hereby confirms that:

- the company has entered into transactions falling u/s. 297 of the Act on cash basis at market price and hence no prior approval of Central Government has been sought.
- the company has given advances, loans to persons falling u/s. 295 but the same has been given for purchase of land.
- the company has not accepted any deposit falling within the provisions of Section 58A.
- the company has not provided any loan or guarantee as mentioned u/s. 372A.
- the company has complied with the provisions of section 217 of the Act.

PACT INDUSTRIES LIMITED

COMPLIANCE CERTIFICATE

A compliance certificate obtained from M/s. Brij K. Tiwari & Associates, Company Secretaries pursuant to provisions of Section 383A is attached herewith. The same being self explanatory no comments are required.

INDUSTRIAL RELATIONS

Industrial relations in all the units of the Company remained cordial through out the year under review.

HUMAN RESOURCE DEVELOPMENT

Your company recognizes human resources as its most valuable resources and lays considerable emphasis on their training and development with a view to create a culture of learning trust safety and fairness. During the period under review, your company continues to attract & retains their talent from all parts of country. Your company is also heading towards developments of internal trainers for imparting the training and attitude building of the employees.

PARTICULARS OF EMPLOYEES

The information required in terms of section of 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is NIL.

DEPOSITS

The company has not accepted any deposits during the year under review.

DIRECTORS RESPONSIBILITY STATEMENT

A statement of responsibility of directors pursuant to the provisions of section 217 (2AA) of the Company Act 1956 is annexed and forms part of this report.

CORPORATE GOVERNANCE:

The Company has in place a system of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Clause of the Listing Agreement is annexed to the report on Corporate Governance.

CODE OF CONDUCT

The Code of Conduct is in line with the provisions of Clause 49 of the Listing Agreement has been framed /adapted by the Board and is applicable to all the members of the Board and Senior Management Executives. This Code forms an integral part of the Company's Governance policy. The Company adheres to the highest Standards of business ethics, compliance with the Statutory and legal requirements and commitment to transparency in business dealings.

Declaration affirming compliance of Code of Conduct

A declaration by the Managing Director affirming compliance of Board members and senior Management Personnel to the Code is mentioned herewith:

PACT INDUSTRIES LIMITED

Declaration signed by the Managing Director

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Personnel have confirmed compliance with the Code of Conduct for the year ended 31st March, 2013.

For Pact Industries Limited

Place: Ludhiana (Harpreet Singh)

DATE: 05th September, 2013 Managing Director

ACKNOWLEDGEMENTS

Yours Directors wish to place on record their thanks and appreciation for the valuable support and co-operation of various agencies and departments of the central and state governments, financial institutions, banks, customers, suppliers, other business associates and investors.

Yours Directors also acknowledge the dedicated efforts of the employees at all levels and wish to records their sincere thanks to the investors for reposing their continued confidence in the Company, which has always been source of strength for the Company.

BY THE ORDER OF THE BOARD

PLACE: LUDHIANA

DATED: 05th September, 2013

(AVTAR SINGH TAKKAR)

CHAIRMAN

PACT INDUSTRIES LIMITED

CEO / CFO CERTIFICATION

The Board of Directors
Pact Industries Limited

Re: Financial Statement for the Financial Year 2012-2013 – Certification by Managing Director

I, Harpreet Singh, Managing Director of Pact Industries Limited on the review of Financial Statements and Cash Flow Statement for the year ended 31st March, 2013 and to the best of my knowledge and belief, hereby certify that:

1. These statement do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2013 which is fraudulent, illegal or violative of Company's Code of Conduct.
4. I accept responsibility of establishing and maintaining internal control systems of the Company pertaining the financial reporting and I have disclosed to the auditors and the Audit Committee those deficiencies in the design and operation of such internal controls of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
5. I have indicated to the Auditors and the Audit Committee:
 - i. There have been no significant changes in internal control over financial reporting during the period.
 - ii. There have been no significant changes in accounting policies during the period.
 - iii. There have been no instances of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Ludhiana
Date: 05.09.2013

For and on behalf of the Board
(Harpreet Singh)
Managing Director

PACT INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217(1)(e) of Companies Act, 1956 read with the companies (Disclosure of particulars in the report of board of directors) Rules, 1988 and forming part of the directors' report for the period ended March 31, 2013.

1. CONSERVATION OF ENERGY.

Energy conservation measures taken.

- a) Installation of electric motors of optimum capacity.
- b) Light and air ventilators are used at various places in building for maximum utilization of natural light.
- c) Use of energy saving devices for lighting circuits etc.

Additional investments and proposal, if any, being implemented for reduction of consumption of energy

- a) Conservation of energy is an on going process in our organization and shall be strictly followed.

- b) Total energy Consumption as per Form-A of the Annexure to the rules in respect of the Industries Specified in the Schedule thereto.

1.3 Impact of measure taken at 1.1 and 1.2 above for reduction of energy consumptions and consequent impact on the cost of production of goods.

Consequent to the aforesaid measures adopted by the company during the year under review, the energy consumption has decreased as compared to previous year.

2. Total Energy consumption and consumption per units of production as per Form-A of the annexure in respect of industries specified in the schedule thereto.

Sr. No	Particulars	Units	Previous Year	Current Year
2.1	Power and Fuel Consumption			
2.1.1	Electricity			
	a) Purchased			
	Units	KWH	8448770	7509330
	Total amount	Rs.	45623359	48920606
	Rate Per Units	Rs.	5.40	6.51
	b) Own Generation			
	Units	KWH	0	0
	Cost of Diesel	Rs.	0	0
	Cost Per Units	Rs.	0	0
2.1.2	Other/ internal Generation	-	-	-

3. Particulars as per FORM B

1.1 Research and Development (R&D)

The company has adopted latest technologies and has adopted proper measures to have an effective control over raw material, WIP process flow and finished goods and to monitor all technical parameters of manufacturing to achieve consistent quality of its products.

1.1.1 Specific areas in which R&D carried out by the company

- a) Alignment of working practices to enhance quality consistencies.
- b) Consistent improvement in the quality of end products.

1.1.2 Benefits derived as a result of above R&D.

Improvement in the turnover due to value added products and quality.

Improvement in quality level.

1.1.3 Future plan of action:

- a) More focus on development of new/ value added products
- b) Reduction in cost of manufacturing by internal process improvement.

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1.1.4 Expenditure incurred on the R&D

Expenditure incurred on R&D is booked under respective general accounting head and as such no amount can be qualified under the head R& D expenses.

2. Technology Absorption, Adaptation & Innovation

2.1 Efforts, in Brief, made towards technology absorption adaptation and innovation.

A) The company has purchased machinery with latest technology for its casting unit.

3. Foreign exchange earnings & outgo:

3.1 Activities relating to exports; initiative taken to increase exports; development of the new exports market for products and services and exports plans:

The company is exploring new overseas markets with potential of accepting value added, quality garments as a lucrative alternative to the existing markets. Considering the tremendous exports potential, consistent efforts are being made to sustain new avenues for exports.

3.2 Total foreign exchange earnings and uses are shown in the table below:

Particulars	Current Year	Previous Year
Earnings	0.00	0.00
Outgo- Raw Material - Capital Goods	\$2475572.00	\$ 865487.79
Traveling Expenses	0.00	0.00
Other Expenses	0.00	0.00

4.2 Benefits derived as a result of the above efforts e.g. products improvements; cost reduction, product development etc.

The company is able to cater to large number of customers with multiple products portfolio. The manufacturing costs were rationalized towards optimization.

4.3 In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished.

a) Technology imported during last five years: The Company has incurred the following costs for installment of Dyeing, Circular Knitting, Stitching Machinery during the last five years as under

	Year	Rs.
i)	2012-2013	Nil
ii)	2011-2012	Nil
iii)	2010-2011	Nil
iv)	2009-2010	Nil
v)	2008-2009	Nil

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ANNEXURE TO DIRECTORS' REPORT

Directors' Responsibility Statement pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 and forming part of the Directors' report for the year ended 31st March, 2013.

The Statement of the Directors' responsibility on the annual accounts of the Company for the year ended 31st March, 2013 is given below:

1. That in preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit or loss of the Company for the year ended 31st March, 2013.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

BY THE ORDER OF THE BOARD

PLACE: LUDHIANA
DATED: 05th September, 2013

(AVTAR SINGH TAKKAR)
CHAIRMAN

PACT INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

This Report on Corporate Governance forms part of the Annual Report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensures that a Company meets its obligations to optimize shareholders, value and fulfill its responsibilities to the community, customers, employees, Government and other Segments of society. Your Company is committed on adopting the best practices of Corporate Governance as manifested in the Company's functioning to achieve the business excellence by enhancing long-term shareholder's value. Efficient conduct of the business of the Company through commitment to transparency and business ethics in discharging its Corporate Governance, besides being in compliance of the mandatory Listing Agreement, gives an insight into the functioning of the Company.

COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles & steel industry and hence continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best possible quality for premium markets segments through TQM and zero defects implementation.
- ❖ Integrated diversification/product range expansion.
- ❖ World class manufacturing facilities with most modern R & D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS:

a) Board Meetings:

The board of Directors of the Company comprises of a Chairman, Two Managing Director, a Whole time director and three other Directors. During the period under review Ten Board Meetings were held on 30.04.12, 29.05.12, 27.06.12, 24.07.12, 02.08.12, 01.09.12, 30.10.12, 01.12.12, 29.01.13, 30.03.13.

b) Composition:

Name of Directors	Designation	Category	No. of Other Director ship held in	Membership of the Committee	No. of Board Meetings attended	Attendance of Last AGM
			Public Ltd. Company			
S. Avtar Singh	Chairman	Chairman & Promoter	i) Taksonz Developers & Infrastructure Ltd.	0	10	Yes
S. Gurdeep Singh	Mg. Director	Executive Mg. Director & Promoter	ii) Taksonz Developers & Infrastructure Ltd.	0	10	Yes
S. Harpreet Singh	Mg. Director	Executive Jt. Mg. Director & Promoter	ii) Taksonz Developers & Infrastructure Ltd.	1	10	Yes
S. Amarjit Singh	Independent Director	Director	--	2	8	Yes
S. Narinderjit Singh Sethi	Independent Director	Director	--	2	8	Yes
S. Amandeep Singh*	Independent Director	Director	--	3	9	Yes

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All information laid down in corporate governance code is being placed before the Board in regular manner.

Particulars of Directors being appointed at the Annual General Meeting and Directors retiring by rotation and seeking reappointment have been given in the notice convening the AGM and explanatory Statement attached thereto.

1) Committees of the Board

The Board of Directors has constituted the following committees with adequate delegation of powers to discharge affairs of the Company.

i) Audit Committee

The terms of reference of Audit Committee are as per SEBI guidelines and the Companies Act, 1956. As present the Audit committee comprises of the following Directors

S. Amarjit Singh Walia : Chairman
S. Amandeep Singh : Member
S. Narinderjit Singh Sethi : Member

ii) Share transfer-cum-Investor Grievance Committee

The Board has constituted a share Transfer-cum-Investor Grievance Committee to look into the redressal of shareholders grievances. The committee inter alia approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfer.

The Committee also oversees the performance of the Registrar and transfer agent and recommends measures for overall improvement in quality of investor services.

The Share transfer cum investor grievance Committee consists of following Directors:

S. Amarjit Singh Walia : Chairman
S. Amandeep Singh : Member
S. Narinderjit Singh Sethi : Member

The Company has an investor base of over 3803 shareholders. During the year under review the total No. of complaints received from them on various subjects was NIL. There is no valid request pending for Share Transfer as at the year end.

REMUNERATION COMMITTEE:

S. Amarjit Singh Walia
S. Narinderjit Singh Sethi
S. Amandeep Singh

DETAIL OF REMUNERATION PAID TO DIRECTORS

Name	Designation	Remuneration				Total
		Basic Salary	Provident fund	Other Benefits	Performance Incentive	
S. Gurdeep Singh	Mg. Director	240000	Nil	Nil	Nil	240000
S. Harpreet Singh	Mg. Director	240000	Nil	Nil	Nil	240000
Total		480000				480000

DETAIL OF SITTING FEES PAID TO DIRECTORS DURING 2012-2013

PACT INDUSTRIES LIMITED

Name	Category	Sitting Fees Paid for (Rs.)		
		Board Meeting	Committee Meeting	Total
NIL				

General Body Meetings

The last three Annual General Meeting were held as under:-

Financial Year	Date of A.G.M.	Time	Venue
2011-2012	29.09.2012	02.45 P.M.	303, Hotel The Taksonz, opp.Railway Station, Ludhiana
2010-2011	30.09.2011	02.45 P.M.	303, Hotel The Taksonz, opp.Railway Station, Ludhiana
2009-2010	30.09.2010	11.30 A.M.	Kartar Complex, G.T. Road, Jalandhar Bye Pass, Ludhiana

No resolution has been passed by the members through postal ballot since the date of last annual general meeting.

Further no such proposal is proposed to be placed for the Shareholders approval in the forthcoming Annual General Meeting.

(IV) Disclosures

There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, Director or the Management, their subsidiaries or relatives etc, having potential conflict with the interests of the Company at large.

There have not been any non-compliance by the Company and no penalties imposed on the Company by the Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets.

(V) Means of Communication

(a) The Quarterly/Half-Yearly/Annual Audited Results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and communicated to the investors through publication in News Papers in English and Vernacular languages.

(b) Annual Report.

(c) Management discussion and analysis part of this report is presented in Directors Report.

(VI) General Share Holder Information

(a) Annual General Meeting

As indicated in the Notice of Annual General Meeting of the Company will be held on 30th September, 2013 at Regd. Office of the Company at 303, Hotel The Taksonz, Opp. Railway Station, Ludhiana.

(b) Financial Calendar

Next Financial year: April 1, 2013 to March 31, 2014

(c) Book Closure

From 27.09.2013 to 30.09.2013 (both days inclusive)

PACT INDUSTRIES LIMITED

(d) Listing Details

The Share of the Company is listed on:
Ahmedabad, New Delhi and Ludhiana Stock Exchange.

The board is planning to get the shares of company listed on Indonex. It will provide better trading facility to the members and public. The board has taken effective steps in this regard.

(e) Dematerialisation of shares

The company has entered into contracts with NSDL & CDSL for demat of its equity shares and the members requested to get there shares demat. Till the date of this report 35,27,050 shares constituting 71.39 % of the paid up capital are held in dematerialized form.

The ISIN no of the company is INE494K01016.

The Distribution of Company's Shareholding is as follows

Shares or Debenture Holding	No. Of ShareHolders	% of Total Number	Physical Shares	Demat in NSDL	Demat in CDSL	Total Shares	% Age
Upto 500	3595	94.53	426400	1000	200	427600	8.65
501 1000	98	2.58	78000	3400	700	82100	1.66
1001 2000	37	0.97	52600	1500	2000	56100	1.14
2001 3000	10	0.26	27200	0	0	27200	0.55
3001 4000	1	0.03	3400	0	0	3400	0.07
4001 5000	16	0.42	77800	0	0	77800	1.57
5001 10000	3	0.08	18600	0	0	18600	0.38
10001 & Above	43	1.13	729750	0	3518250	4248000	85.98
	3803		1413750	5900	3521150	4940800	

(f) Transfer of Share

Shares received for physical transfer are generally registered within a period of thirty days from the date of receipt, if the documents are clear in all respects.

The contact details of Registrar & Share Transfer Agents is as under:
M/s. Skyline Financial Services (P) Limited
D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi- 20

(g) Market Price Data

The share of the Company has not been traded during the year.

(h) The Company has not issued any GDR's/ADR's and there are no warrants or any convertible warrants.

(i) Location of Plant

- i) Kartar Complex G.T.Road, Jalandhar Bye Pass, Ludhiana.
- ii) Village Bilga, Post Office Sahnewal, District Ludhiana.

(j) Address for Correspondence

Pact Industries Limited
303, Hotel The Taksonz
Opp. Railway Station
Ludhiana

PACT INDUSTRIES LIMITED

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To

The Board of Directors
PACT INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by Pact Industries Limited for the year ended on 31st March 2013 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited of procedures and implementations 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 and based on the representations made by the directors and managements. We certify that the Company has complied with the conditions of the corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

Further, we state that no investor' grievance are pending for a period of one month against the Company as per the records maintained by the Investor's Grievance Committee.

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

PLACE: LUDHIANA
DATED: 05th September 2013

FOR RAJESH MEHRU & CO.
Chartered Accountants

PARTNER

PACT INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Members of

Pact Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Pact Industries Limited which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date;

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;
 - In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in subsection (3c) of section 211 of the companies act, 1956;
 - On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

For Rajesh Mehru & Co.
Chartered Accountants
Firm's Registration Number: 011715N

(Rajesh Mehru)
(Partner)
(Membership Number: 090725)

Ludhiana, September 05, 2013

PACT INDUSTRIES LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification. In our opinion the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.

(c) In our opinion and according to information and explanation given to us, the company has not disposed off substantial part of its fixed assets during the year and going concern status of the company is accordingly not affected.

2. In respect of the Company's inventories:

(b) As explained to us, the inventory has been physically verified during the year by the management at reasonable intervals.

(c) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instruction are reasonable and adequate in relation to the size of the company and nature of its business.

(d) The company is maintaining proper records of inventories.

3. (a) According to the information and explanations given to us, the company has not granted any loan to Companies or other parties covered in the register maintained under section 301 of the companies act, 1956.

(b) The company has taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956 and had also repaid some amount to same persons.

(c) In our opinion and according to the information and explanations given to us rate of interest and other terms and conditions on which loan have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the company.

(d) In our opinion and according to the information and explanations give to us. The payment of principal amount and interest in respect to the aforesaid loans is regular. There is no overdue amount of loans taken from Companies, Firms, or other parties listed 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, these are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regards to purchase of inventories, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.

5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act

(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 into the register maintained under section 301 of the Companies Act, 1961 has been so entered.

PACT INDUSTRIES LIMITED

(b) In our opinion and according to the information and explanations given to us, there is no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and which exceed Rs. 5.00 Lacs or more in respect of each party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in pursuance of section 58A and 58AA of the Companies Act, 1956.

7. In our opinion, the company has internal audit system commensurate with the size and nature of its business.

8. The Central Govt. has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.

9. According to the information and explanations given to us, in respect of statutory dues:

a) We are of the opinion that the Company has been regular in depositing undisputed statutory dues.

b) We are of the opinion that no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.03.2013 for a period of more than six months from the date of they becoming payable.

c) We are of the opinion that there are no dues of Sale-Tax, Income Tax, Wealth Tax, Excise duty and cess which have not deposited on account of any dispute.

10. The company does not have accumulated losses at the end of financial year which are more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered under audit.

11. According to the information and explanations given to us, the company has not defaulted in repayment of dues to bank and financial institution.

12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.

13. The Company is not a chit fund, or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) order 2003 are not applicable to the Company.

14. In our opinion, the company is not dealing in or traded in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Companies (Auditors Report) order 2003 are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

PACT INDUSTRIES LIMITED

16. In our opinion and according to the information and explanations given to us, the Company has applied the term loans for the purpose for which the loans were raised.

17. In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment. Further, no long-term funds have been used to finance for short-term assets except permanent working capital.

18. According to the information and explanations given to us the Company has not made preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of Companies Act, 1956.

19. According to the information and explanations given to us, the Company has not issued any secured debentures during the year.

20. The Company has not raised any money by way of a public issue during the year ended 31st March, 2013. Therefore the provisions of clause 4(xx) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Rajesh Mehru & Co.
Chartered Accountants
Firm's Registration Number : 011715N

(Rajesh Mehru)
(Partner)
(Membership Number: 090725)

Ludhiana, September 05, 2013

PACT INDUSTRIES LIMITED

Balance Sheet as on 31.03.2013

Liabilities	Current year	Previous yr.	Assets	Current yr.	Pre.yr.
Authorised capital; 5000000 Equity Shares @ 10/-	<u>500000000.00</u>	<u>500000000.00</u>	Fixed Assets: As per Ann.- H	87928473.92	79601496.92
Subscribed & Paid up Capital : 4940800 Equity Shares @ 10/-	49408000.00	49408000.00	Investment & Securities: As Per Ann.- I	10403355.50	7371050.50
Reserve & Surplus: As per Ann.-B	26821443.40	19704357.90	Current Assets Loans & Advances: As per Annex.- J	146708519.50	126805583.85
Secured Loan As Per Ann.-C	120772244.92	107917929.13	Misc. Expenditure: (to the extent not written off or adjusted) Pre-Operative Exp.	3141813.92	0.00
Unsecured Loan: Rec.From Directors & Relatives	15760352.67	3400678.67			
Current Liabilities: As per Ann.-E	35420121.85	33347165.57			
Total:	248182162.84	213778131.27		248182162.84	213778131.27

Certified in terms of our separate report of Even Date.

For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

Rajesh Mehru
Partner
Place: Ludhiana
Dated: 05th September 2013.

(Gurdeep singh) (Harpreet Singh)
Mg. Director Mg. Director

PACT INDUSTRIES LIMITED

Manufacturing, Trading & Profit & Loss Account for the year ended 31.03.2013

Particulars	Curr.Yr.	Pre.Yr.	Particulars	Curr.Yr.	Pre.Yr.
To Opening Stock	33795840.00	26469290.00	By Sales (As per List "N")	497758919.90	456650041.79
To Opening Stock of fixed assets	3981795.00	0.00	By Closing Stock	68414010.00	33795840.00
To Purchases (As per List O)	441224559.65	398303269.25			
To Mfg. & Direct Exp. (As per List "P")	69857195.70	53582808.86			
To Gross Profit	17313539.55	12090513.68			
Total	566172929.90	490445881.79		566172929.90	490445881.79
To Office & Admin. Exp. (As per List "K")	3968805.50	3933612.00	By Gross Profit	17313539.55	12090513.68
To Selling & Distribution Exp. (As per List "L")	175689.00	366804.00	By Bank Interest on FDR	493147.00	137061.00
To Financial Exp. (As per List "M")	10999358.61	6054987.60	BY Rebate & Discount	5929914.06	6807946.81
To Repair & Main. Exp. (As per List "N")	662384.00	754955.00			
To Depreciation	6651218.80	6733021.43			
To Net Profit	1279144.70	1192141.46			
Total	23736600.61	19035521.49		23736600.61	19035521.49

Profit & Loss Appropriation account for the period ended 31.03.2013

Particulars	Curr.Yr.	Pre.Yr.	Particulars	Curr.Yr.	Pre.Yr.
To Deferred Tax	32532.00	45755.00	By Balance B/F	1543626.73	1368028.74
To pre-year tax Adjusted	780746.00	970788.47	By Net Profit	1279144.70	1192141.46
To Balance C/D	2009493.43	1543626.73			
Total	2822771.43	2560170.20		2822771.43	2560170.20

Certified in terms of our separate report of Even date.
For Rajesh Mehru & Co.,

For Pact Industries Limited

Chartered Accountant
(Rajesh Mehru)
Partner
Place: Ludhiana
Dated: 05.09.2013

(Gurdeep singh) (Harpreet Singh)
Mg. Director Mg. Director

PACT INDUSTRIES LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2013.

Annexure- B of Reserve & Surplus

Particulars	Current Year	Previous year
Profit & Loss Account	2009493.43	1543626.73
Capital Reserve	490000.00	490000.00
General Reserve	2200000.00	2200000.00
Depreciation Reserve	22121949.97	15470731.17
Total	26821443.40	19704357.90

Annexure- C of Secured Loans

Particulars	Current Year	Previous year
State Bank of India C/C	65874882.32	13680662.30
State Bank of India FCNR	0.00	44887500.00
State Bank of India L/C	17858284.00	8497920.00
HDB Financial Services & other	1095000.06	832823.83
State Bank of India T/L	35924078.00	40019023.00
Total	120772244.92	107917929.13

Annexure- E of Current Liabilities

Particulars	Current Year	Previous year
Sundry Creditors	31716162.85	30042422.57
Provisions & Payable	3703959.00	3304743.00
Total	35420121.85	33347165.57

Annexure- I of Investment & Security

Particulars	Current Year	Previous year
ECGC Security	34577.50	34577.50
Electricity Security	9411278.00	6211278.00
S.B.I. Mutual Fund	100000.00	100000.00
UBI FDR	0.00	137119.00
UBI FDR	0.00	131366.00
Electricity Security (New Project)	557500.00	375750.00
Mahindra & Mahindra	0.00	80960.00
Security Showroom	300000.00	300000.00
Total	10403355.50	7371050.50

Annexure- J of Current Assets, Loans & Advances

Particulars	Current Year	Previous year
Sundry Debtors; (unsecured considered good)	52069802.17	51954680.89
Closing Stock (certified by the mg.director)	68414010.00	43089867.91
Advances recoverable in cash or in kind for value to be received	9182964.45	6322882.43
Cash & Bank Balance: Cash In Hand & Bank Bal.	17041742.88	25438152.62
Total	146708519.50	126805583.85

PACT INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

General Information :

Balance Sheet, Profit & Loss Accounts have been drawn on 31.03.2013 comprising of 12 months. (from 01.04.2012 to 31.03.2013) and previous year figures have been drawn as on 31.03.2012 comprising of 12 months (from 01.04.2011 to 31.03.2012).

Significant Accounting Policies :

a) BASIS OF PREPARATION

The financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

b) REVENUE RECOGNITION:

Sales:

Revenue from sale of goods is recognized :

- (i) when all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- (ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

Interest:

Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

Benefit under Duty Entitlement Pass Book Scheme / Duty Drawback Scheme

Revenue in respect of the above benefit is recognised on post export basis.

Insurance and Other Claims

Revenue in respect of claims is recognised when no significant uncertainty exists with regard to the amount to be realised and the ultimate collection thereof.

c) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provisions for impairment.

d) FIXED ASSETS :

Fixed assets are stated at historical cost less accumulated depreciation. Interest on borrowed money allocated to and utilized for qualifying fixed assets, pertaining to the period up to the date of capitalization is capitalized. Assets acquired on direct finance lease are capitalized at the gross value and interest thereon is charged to profit and loss account. Intangible assets are stated at the consideration paid for acquisition less accumulated amortization. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date and the cost of fixed assets not ready for use before such date are disclosed under capital work-in-progress.

e) IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is

PACT INDUSTRIES LIMITED

reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external event.

f) INVENTORIES:

Raw materials, sub-assemblies and components are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Purchased goods-in-transit are carried at cost. Work-in-progress is carried at the lower of cost and net realisable value. Stores and spare parts are carried at cost, less provision for obsolescence. Finished goods produced or purchased by the Company are carried at lower of cost and net realisable value. Cost includes direct material and labour cost and a proportion of manufacturing overheads.

g) TAXATION:

Current income tax expense comprises taxes on income from operations in India. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and where the Company intends to settle the asset and liability on a net basis. The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

h) FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting respective company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

i) EMPLOYEE RETIREMENT BENEFITS:

Provident fund:

Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A contribution is made to the provident fund trust. A contribution is made to the Government's provident fund. During the year Rs 140484.00 have been contributed towards the contribution plan.

j) WRITE OF MISCELLANEOUS EXP:

Revenue Expenditure is written off over a period of 10 years in accordance with provision of section 35-d of Income-Tax Act, 1961.

k) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

l) CASH FLOW STATEMENT

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

PACT INDUSTRIES LIMITED

m) CASH & CASH EQUIVALENTS

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

Depreciation

The Company has provided for depreciation at the rates specified in Schedule XIV to the Companies Act, 1956, except in cases of the following assets, which are depreciated at commercial rates, which are higher than the rates specified in Schedule XIV.

Investments

Long term investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of permanent nature. Short term investments are valued at lower of cost and net realizable value.

Borrowing costs

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised. Borrowing cost which are not related to qualifying asset are recognized as an expense in the period in which they are incurred.

Previous Year figures ended on 31.03.2012 have been given and same have been regrouped/rearranged for comparison.

Contingent Liabilities not provided for in respect of business during the year is NIL.

Debtors & Creditors Confirmations

The use of confirmation evidence is usually very important in the audit of trade debtors & creditors because there are few other sources of external corroborative evidence. It is usually suitable when the majority of the credit customers are reasonable-sized businesses because existence is an important assertion being verified, it is important that the source from which the sample is selected is tested for completeness. This usually requires selecting the sample from a list of balances that has been tested against the sales & purchase ledger respectively and totaled and agreed with the general ledger balance. Balance of debtor & creditors, Loans and advances are subject to confirmation and are taken/included in financial statement on the basis of entries in the books of accounts of the concern.

Operating Expenses

Auditor's remuneration

Auditor's remuneration in relation to the company statutory audit amounts to Rs 25000.00. The following fees were payable by the company to their principal auditor, M/S Rajesh Mehru & Co.:

	Current year	Previous Year
<u>Audit fees for the Company's statutory audit:</u>		
Fees relating to Audit Matters	19000.00	19000.00
Fees relating to Taxation Matters	6000.00	6000.00

Details of Remuneration paid to Directors

The Directors have been appointed for a period of five years from their respective dates of appointment. The details of remuneration paid to the Executive Directors for the financial year ending 31st March 2013, are as under:

(Amount in Rs)

Name of the Director	Salary & Allowances	Retirement Benefits
----------------------	---------------------	---------------------

PACT INDUSTRIES LIMITED

Mr Harpreet singh	240000.00	Nil
Mr Gurdeep Singh	240000.00	Nil

Deferred Tax Asset / Liability (Net) :

	Deferred Tax Liability (Assets) as at 31.03.2013	Current Year Charge/Credit	Deferred Tax Liability (Assets)
01.04.2012			
Deferred Tax Liability	45755.00	32532.00	78287.00

Pursuant to Accounting Standard (AS-22) – Accounting for Taxes on Income. The company has recorded a net accumulative deferred Tax Liability of Rs. 45755.00 up to 31.03.2012. Further impact of deferred tax Liability of Rs.32532.00 for the year ended 31.03.2013 has been debited to Profit & Loss Account making the total exposure of deferred tax Liability Rs.78287.00 as on year ended 31.03.2013. A detailed bifurcation between current tax and deferred tax charge is made at the year end

Earning per share (EPS) :

The numerators and denominators used to calculate Basic earning per share are reported as under :-

	Year Ended 31.03.2013	Year Ended 31.03.2012
Profit attributable to the Equity Share Holder Rs. (A)	851429.98	1146386.46
Basic/Weighted Average No. of Equity Share Outstanding during the year	4940800	4940800
(B)		
Nominal Value of the Equity Share	10.00	10.00
Basic/Earning per Share Rs. (A)/(B)	0.17	0.23

No personal expenditure has been debited in the books of accounts.

C.I.F. value of imports :

Particulars USD (\$)

Amount in Foreign Currency: \$ 2475572

TOTAL C.I.F. VALUE OF IMPORT IN INDIAN CURRENCY : Rs. 13.56/- Crore.

Exchange difference earnings : During the year company has made an import of scrap (raw material) , and any fluctuation/ foreign exchange difference has already has been debited to purchase account.

**FOR RAJESH MEHRU & CO.
CHARTERED ACCOUNTANTS**

Ludhiana, September 05, 2013

PARTNER

PACT INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR YEAR ENDED 31.03.2013

PARTICULARS	As at 31 March 2013
CASH FLOWS FROM OPERATING ACTIVITIES	
PROFIT AS PER PROFIT & LOSS ACCOUNT	12,79,144.70
	0.00
DEPRECIATION DURING THE YEAR	66,51,218.80
INCREASE/(DECREASE) IN SUNDRY CREDITORS	16,73,740.28
INCREASE/(DECREASE) IN PROVISION & PAYABLE	(28,572.00)
INCREASE/(DECREASE) OTHER CURRENT LAIBILITIES	97,20,000.00
INCREASE/(DECREASE) IN STOCK	(2,53,24,142.09)
INCREASE/(DECREASE) IN SUNDRY DEBTORS	(1,15,121.28)
INCREASE/(DECREASE) IN SHORT TERM ADVANCES	(25,60,082.02)
INCREASE/(DECREASE) IN OTHER CURRENT ASSETS	(31,41,813.92)
NET CASH USED IN OPERATING ACTIVITIES	(1,18,45,627.53)
LESS TAX EXPENSES	(6,85,490.00)
NET CASH USED IN OPERATING ACTIVITIES	(1,25,31,117.53)
CASH FLOWS FROM INVESTING ACTIVITIES	
PURCHASE OF FIXED ASSETS	(83,26,977.00)
INCREASE IN INVESTMENTS	(30,32,305.00)
NET CASH USED IN INVESTING ACTIVITIES	(1,13,59,282.00)
CASH FLOWS FROM FINANCING ACTIVITIES	
PROCEEDS FROM BORROWINGS/(REPAYMENTS)	1,54,93,989.79
NET CASH FROM IN FINANCING ACTIVITIES	1,54,93,989.79
NET INCREASE IN CASH AND CASH EQUIVALENTS	(83,96,409.74)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,54,38,152.62
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,70,41,742.88

PACT INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE OF M/S. Pact Industries Limited , Ludhiana

REGISTRATION DETAILS

Registration No.	13193	State Code	16
Balance Sheet Date	31-03-2013		

CAPITAL RAISED DURING THE YEAR (Rs.in Lacs.)

Public Issue	N.A	Right Issue	N.A
Bonus Issue	N.A	Private Issue	N.A

Position of Mobilization and Deployment of Funds (Rs.In Lacs)

Total Liabilities	2127.61	Total Assets	2127.61
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Sources of Funds

Paid up Capital	494.08	Reserve & surplus	268.21
Secured Loan	1207.72	Unsecured Loan	157.60

Application of Funds

Net Fixed Assets	879.28	Net Current Assets	1112.88
Investment	104.03	Misc.exp.	31.42

PERFORMANCE OF COMPANY (Rs.In Lacs)

Total Turnover	5041.82	Total Expenditure	5029.03
Profit / loss (Before Tax)	12.79	Profit / Loss after Tax	8.51
Earning Per Share	0.17	Dividend Rate	NIL

GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY

Item code NO.(ITC Code):60052300

Item Code No.: 72061010

Product Description Manufacturing of Knitted Fabrics & Steel Ingots

For Rajesh Mehru & Co.
Chartered Accountant
(Rajesh Mehru)
Partner
Place: Ludhiana
Dated:05.09.2013

For Pact Industries Limited

Director

Director

PACT INDUSTRIES LIMITED
303, Hotel The Taksonz, Opp. Railway Station
LUDHIANA

PROXY FORM

I/We _____ of
PACT INDUSTRIES LIMITED appoint _____ being a Member/Members of M/s
_____ my/our proxy to attend and
vote for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on
Monday the 30th, September 2013 at Regd. Office 303, Hotel The Taksonz, Opp. Railway Station, Ludhiana at
02.45 P.M. and at any adjustment thereof.

Signed this _____ day of September, 2013.

Affix
Revenue Stamp
of One Rupee

Signature(s) of the Shareholder(s) _____

Note : The form must be returned so as to reach the registered Office of the Company not than 48 hours before
the time of the meeting. A proxy need not be a Member of the Company.

Ledger folio No. _____

No. of Share held _____

PACT INDUSTRIES LIMITED

ATTENDANCE SLIP

I, _____ hereby record my presence at the 20th Annual General Meeting of the Company at Ludhiana at 02.45 P.M.
on _____.

(Full name of the Shareholder)
(IN BLOCK LETTERS)

Signature _____

Folio No. _____
(Full name of the Shareholder)
(IN BLOCK LETTERS)

Note : Shareholders attending the meeting in person or by proxy are requested to complete the attendance
slip and hand it over at the entrance of the Meeting Hall.

BOOK-POST

Undelivered please return:-

act Industries Limited
03, Hotel The Taksonz
Opp. Railway Station
udhiana