



PACIFIC INDUSTRIES LIMITED

CORPORATE INFORMATION

Board of Directors

Shri J. P. Agarwal
Shri Kapil Agarwal
Shri Devendra Maliwal
Shri S. M. Agarwal
Shri Jayanti Oza
Shri Sumit Agarwal
Shri Amit Agarwal
Shri Mangilal Dangi

Chairman & Managing Director
Whole Time Director
Executive Director
Independent/Non-Executive
Independent/Non-Executive
Independent/Non-Executive
Independent/Non-Executive
Independent/Non-Executive

Board Committees

Audit Committee	Remuneration Committee	Shareholders' / Investors Grievance Committee
Mr. S. M. Agarwal	Mr. S. M. Agarwal	Mr. S. M. Agarwal
Mr. Jayanti Ojha	Mr. Jayanti Ojha	Mr. Jayanti Ojha
Mr. Sumit Agarwal	Mr. Sumit Agarwal	Mr. Sumit Agarwal

Statutory Auditors M/s A. Bafna & Co. Chartered Accountants K-2, Raj Apartment Keshav Path, C-Scheme Jaipur - 302 001 (Rajasthan).	Corporate Law Advisors Manish Sharma & Associates Company Secretaries 1048, Shakti Sadan Baba Harish Chandra Marg Chandpole Bazar Jaipur - 302 001(Rajasthan).	Registrar & Share Transfer Agent Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai-400078. Tel. :022-25963838 Fax :022-25946969 E-mail : mumbail@linkintime.co.in
--	---	--

Bankers Bank of Baroda Main Branch, Opposit Town Hall, Udaipur.	Contents	Page No.
Regd. Office Village Bedla, Udaipur - 313 004, Rajasthan. E-mail: pacificind@rediffmail.com URL : www.pacificindustriestd.com	1 Chairman Speech	2
Plant Locations	2 Notice	3
Unit I : Village: Bedla, Udaipur - 313004 (Rajasthan) Tel. No. 0294-2440933; Fax No. 0294-2440780.	3 Director's Report	8
Unit II : Village : Survey No. 13, Kempalingahalli Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka) Tel. No. 080-27723004.	4 Auditors' Report	31
	5 Balance Sheet	36
	6 Profit & Loss A/C.	37
	7 Accounting Polices & Notes on Accounts	47
	8 Cash FLOW Statament	56
	9 Balance Sheet Abstract	57



PACIFIC INDUSTRIES LIMITED

Chairman's Statement

Dear Shareholders,

My warm greetings to all of you.

The year 2009-10 has been yet another challenging year for the global markets. The resilience shown by the Indian economy in this challenging context is particularly heartening. This bodes well for the long-term growth prospects of India which continues to be amongst the high growth economies in the world today. However, there are still some pressure points which need to be addressed to sustain this high growth.

The performance of your company is reflective of the sustained investment and development efforts we have put in over a period of time. We are proud to be regarded as one of the biggest quarry owners and processors of Granite of various types in India. Your Company's brand name '**Pacific**' is highly respected in the markets and it has build sound reputation in supplying high quality material around the world. We have worked hard to ensure that our brand stands for quality and value and represents collective teamwork of our employees.

Our growth strategy has been consistent through this period. Absolute sense of providing satisfaction to our customers is our soul motto. We consciously execute our commitments towards our customers keeping in mind their sensitivity and response towards our products and dealings. In all our business commitments, we invariably stick to our Shipment Schedules. This strict and punctual delivery system has earned us appreciation and admiration off and on. We have more often been applauded and rewarded for this by our esteemed customers.

In this challenging environment, your Company achieved an overall growth during the year 2009-10 in which turnover of your Company was 6726.49 lakh as compared to 6020.38 lakh for the last year 2008-09. The PAT was Rs. 798.21 lakh as compared to Rs. 1236.61 lakh for the last year 2008-09 which was mainly due to increase in Material & Power cost .

Your Company is committed to maintain the brand image it has gained over a period of time and it has posed a great responsibility on the Board. Over the years your Company has developed a strong and persistent work culture to operate successfully in diverse business environment by adapting ourselves to new technologies and complexities in different spheres of our work.

In conclusion, I wish to reiterate that we are committed to remain competitive, profitable and to achieve sustainable growth. We also believe that the significant longer term opportunity in India will result in a substantial step-up in competitive intensity. Your Company's continued efforts in reducing its cost base has helped to keep moving forward with agility and dynamism. It is obviously one of the most significant factors which motivate your Company to establish a long lasting link and bond with our customers.

I take this opportunity to thank you for your continued support and look forward to the same in the future.

Place : Udaipur
Dated : 31-8-2010

Sd/-
(J. P. Agarwal)
Chairman & Managing Director



PACIFIC INDUSTRIES LIMITED

Twenty First Annual General Meeting

Notice

Notice is hereby given that the 21st Annual General Meeting of the members of Pacific Industries Limited will be held on Thursday, September 30, 2010 at 10.00 A. M. at Village Bedla, Udaipur - 313 004, Rajasthan to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit & Loss Account of the Company for the year ended on that date together with the Cash Flow Statement and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Sumit Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Amit Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. M/s. A. Bafna & Company, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT subject to relevant provisions of the Companies Act, 1956 {including any Statutory modification(s), and / or re-enactment(s) thereof for the time being in force and as may be enacted hereafter}, Securities Contract (Regulation) Act, 1956 and the rules framed there under, SEBI (Delisting of Securities) Guidelines, 2003 and other Guidelines issued by SEBI from time to time, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approval(s), permission(s) and sanction(s), as may be necessary and subject to such condition(s) and modification(s) as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), which may be accepted by the Board of Directors of the Company (hereinafter referred to as " the Board" which shall include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) consent of the Company be and is hereby accorded to Voluntary Delist the equity shares of the Company from all or any of The Calcutta Stock Exchange Association Limited, Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited and U. P. Stock Exchange Association Limited.



PACIFIC INDUSTRIES LIMITED

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which shall include any Committee thereof for the time being exercising the powers conferred by the Board) be and is hereby authorized to seek for Voluntary Delisting of the Equity Shares of the Company, to take all the required steps in this regard and to do all such acts, deeds, matters and things and to execute all such papers, Indemnity Bond(s), documents, deeds and writings as may be required and / or desirable for getting done Voluntary Delisting of the Equity Shares of the Company from all or any of The Calcutta Stock Exchange Association Limited, Jaipur Stock Exchange Limited, The Delhi Stock Exchange Association Limited and U. P. Stock Exchange Association Limited.

RESOLVED FURTHER THAT Mr. J. P. Agarwal, Chairman & Managing Director of the Company be and is hereby authorized to do all the required acts, deeds, matters and things including execution of Indemnity Bond(s), declaration(s), documents, deeds, writings as may be required and / or desirable and the application for delisting and to delegate the authority and duty vested in him to any other director / officer of the Company or any outside professional(s) / agency (ies), to whom Mr. J. P. Agarwal, Chairman & Managing Director considers suitable for doing various acts, deeds, matters and things required to be done for giving effect to this resolution."

Bedla, Udaipur
31st August, 2010
Registered Office
Village Bedla,
Udaipur - 313 004, Rajasthan

By the order of the Board
Sd/-
(J. P. Agarwal)
Chairman & Managing Director

Notes :

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) Corporate members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the meeting.
- c) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- d) Members are requested to notify immediately, change in their addresses, pin code, e-mail addresses and telephone number(s), if any, to the Company at its Registered Office by quoting their folio numbers. In respect of shares held in electronic mode, the same should be communicated to the respective Depository Participant (DP).
- e) As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of shares held by them in physical mode. Nomination forms can be obtained from the Registrar & Transfer Agent of the Company.



PACIFIC INDUSTRIES LIMITED

- f) Those who are holding shares in electronic mode should give relevant details in this matter to their respective Depository Participant (DP).
- g) Members of the Company who have multiple accounts in identical names or joint accounts in the same name / order are requested to send all the share certificates to the Registrar & Transfer Agent of the Company, M/s Link Intime India Private Limited, or at the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better services.
- h) All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds and share certificates should preferably be sent directly to the Company's Registrar and Transfer Agent, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400078.
- i) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 24th September, 2010 to Thursday, 30th September, 2010, both days inclusive.
- j) Shareholders desiring any information as regards Audited Annual Accounts are requested to write to the Company at an early date (at least ten days before the date of meeting) so as to enable the Management to keep the information ready at the meeting.
- k) Member who still have their holdings in physical form are requested to convert them into dematerialized form (under ISIN No. INE883C 01025) at the earliest.
- l) SEBI vide its circular ref. no MRD/ DoP/Cir-05/2009 dated 20.05.2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of such transfer of shares irrespective of the amount of such transaction.

All the intended transferee(s) are, therefore, requested to furnish a self certified copy of their PAN Card along with the relevant transfer deed for registration of transfer of shares. Please note that the Share(s) lodged for transfer without self certified copy of PAN Card of the transferee(s), shall be returned under objection.



PACIFIC INDUSTRIES LIMITED

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

The equity shares of the Company are listed on the following Stock Exchanges:

1. Bombay Stock Exchange Limited, Mumbai
2. The Calcutta Stock Exchange Association Limited, Kolkata
3. U. P. Stock Exchange Association Limited, Kanpur
4. Jaipur Stock Exchange Limited, Jaipur (Regional Stock Exchange)
5. Delhi Stock Exchange Association Limited, Delhi

It is observed that the Stock Exchanges other than BSE has no reach to the investors because they are not engaged in trading of their own. In fact BSE, which has extensive network of trading terminals across the country which provides liquidity to the shareholders of the Companies listed with it. In view of this, it is proposed to voluntarily delist the equity shares of the Company from all or any of the Stock Exchanges at Kolkata, Kanpur, Jaipur and Delhi.

The proposed delisting is sought in view of no trading on these Stock Exchanges and for the purpose of saving cost. Moreover the Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited, Mumbai to maintain liquidity and to provide nationwide opportunity for trading to the shareholders of the Company. Delisting of Equity Shares of the Company from these Stock Exchanges would not prejudicially affect the interest of the investors residing in the region of these Stock Exchanges. Exact date with which the above stated delisting will take effect will be suitably notified at appropriate time.

The Company has not taken up any step on the Special Resolution passed in the earlier AGMs re. Voluntary Delisting hence consent of the Share Holders is being sought in the ensuing 21st AGM by way of Special Resolution, as per the requirement of SEBI (Delisting of Securities) Guidelines, 2003 and / or any other enactment / guideline(s) as may be in force from time to time for Voluntary Delisting of Equity Shares of the Company.

None of the Directors of the company are interested or concerned in this resolution.

The Board recommends the annexed Resolution for your approval.

Bedla, Udaipur
31st August, 2010
Registered Office
Village Bedla,
Udaipur - 313 004, Rajasthan

By Order of the Board of Directors
Sd/-
J. P. Agarwal
Chairman & Managing Director



PACIFIC INDUSTRIES LIMITED

Annexure to the Notice

Details of the Directors seeking re-appointment / appointment in the Twenty First Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. Sumit Agarwal	
Date of Birth	31-10-1974	
Date of Appointment	29-08-2002	
Special Expertise	Overall in charge of Quality Control Department of the Company.	O pr th C
Qualifications	Graudate	
Directorships in other Companies	Nil	
Chairman/ Member of Committees of Companies	Nil	



PACIFIC INDUSTRIES LIMITED

DIRECTORS REPORT 2009 - 10

To,

Dear Members

Your Directors present the 21st Annual Report of the working of the Company along with the statement of accounts and the Auditors' Report for the year ended 31st March, 2010.

1. FINANCIAL RESULTS:

2. Business Results

Your Company achieved a turnover of Rs. 6726.49 lakh during the period under review which was marginally high than last year 2008-09 i.e., Rs. 629.38 lakh. This was mainly due to increase in demand in the global market. The Net Profit after Tax of the Company is Rs. 298.21 Lakh as against Rs.1236.61 Lakh in the previous year. The increase in Net Profit is due to increase in Material & operating Cost.

3. Dividend

Your directors have not recommended any dividend for the year 2009-2010 and the entire surplus is proposed to be transferred to the reserves to give financial leverage to the Company.

4. Directors' Responsibility Statement:

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm having:

- ✓ followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any ;
- ✓ selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit of your Company for that period;
- ✓ 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

PARTICULARS	Year ended 31.03.2010 (Audited)	[Rs. in
Turnover	6726.49	
Profit/ (Loss) before Tax	987.62	
Less: Provision for income tax	167.85	
Net Profit after Tax	298.21	
Less: Prior Period Adjustment	5.90	
Adjusted on account of Reduction of Share Capital	708.21	
Profit available for Appropriation	3202.52	
Net Profit (Loss) carried forward	3202.52	



PACIFIC INDUSTRIES LIMITED

- your Company and for preventing and detecting fraud and other irregularities; and
- ✓ prepared the annual accounts on a going concern basis.

The above statements were noted by the Audit Committee at its meeting held on August 31, 2010.

5. Statutory Disclosures

None of the Directors are disqualified under the provisions of Section 274(1)(g) of the Companies Act, 1956. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

6. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is appended as Annexure "A" and forms part of the Report.

7. Particulars of Employees

None of the Employee of the Company has been paid such remuneration which attracts provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, hence requirement of disclosure under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 doesn't arise.

8. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled as 'Corporate Governance' has been included in this Annual Report, along with the reports on 'Management Discussion and Analysis' and 'Shareholder Information'. All board members and senior management personnel have affirmed compliance to the Code of Conduct for the FY 2009-10

A Certificate from the Statutory Auditors of the Company regarding compliance of conditions and provisions of the Corporate Governance is enclosed as Annexure 'B' to this report.

9. Capital Investment

Your Company has not taken up any Capital investments project during the year.

10. Fixed Deposits

During the year under review, your Company has not accepted any deposit under Section 58A and 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

11. Investor Services

The investor service facility of your Company strives to cater to the increasing expectations of the investors by keeping its services contemporary backed with the best of the state of the art infrastructure and systems.



PACIFIC INDUSTRIES LIMITED

The electronic messaging facility enables the investors to directly lodge their complaints to the Compliance Officer of the Company on pacificinvestor@rediffmail.com. It is also published in English as well as vernacular newspapers, which enjoy wide circulation in the State where the registered office of the Company is situated.

12. Availability Of Information On Electronic Data Information Filing And Retrieval System (Edifar) System

SEBI vide circular no SEBI/CFD/DIL/LA/4/2007/27/12 dated December 27, 2007 informed that EDIFAR will be phased out gradually. In view of new portal viz. Corporate Filing and Dissemination System (CFDS) put in place jointly by BSE and NSE at the URL www.corpfiling.co.in. SEBI has since discontinued the EDIFAR system w.e.f from April 1, 2010.

13. Human Capital

Your Company views its workers as caring and dedicated to the business and the management trusts in them and asks for their input on important decisions. The result, at Pacific Industries, is a trusting culture built assiduously and nurtured over the years. Due to this environment of mutual trust and respect, even in these turbulent times your company managed to keep the morale of the employees high.

The Directors would like to place on record their sincere appreciation to the employees for their continued cooperation in maintaining harmonious industrial relations, production and productivity.

Training

Your Company makes it a point to impart Training and Skills to staff and employees to acquire more competence in their respective areas of operation. This makes them appropriately respond to diverse work situations. Simultaneously PIL also ensures the professional growth of employees enabling them to acquire mastery over their respective jobs.

Your Company had 196 employees on roll as on 31st March, 2010.

14. Corporate Social Responsibility

The philosophy and practice of sustainability and business ethics has been a matter of abiding interest and faith to your Company. Your Company has always seen its interests as inseparable from that of the community.

As a part of our social responsibility we try to promote social welfare through the following educational institutions:

- ✓ Geetanjali Medicity.
- ✓ Geetanjali Institute of Technical Studies
- ✓ Geetanjali College of Pharmaceuticals Studies

15. Directors

Mr. Sumit Agarwal and Mr. Amit Agarwal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.



PACIFIC INDUSTRIES LIMITED

16. Auditors and Auditor's Report

The Auditors M/s A. Bafna & Company, Chartered Accountants, Jaipur, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Company has received a Certificate from the Auditors to the effect that their appointment, if made, would be within the limits of Section 224(1B) of the Companies Act, 1956.

The observations made in the Auditors' Report, read together with the relevant notes thereon are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

17. Note of Appreciation

Your Directors wish to place on record their deep appreciation for the continued support and co-operation of Financial Institutions, Banks, Government authorities and other stakeholders. Your Directors also acknowledge the support extended by all employees for their dedicated service.

Your Directors also thank the Government of India and the concerned State Governments, Government Departments and various Agencies for their co-operation. The Directors appreciate and value the contributions made by every member of the PIL family. Propelled by your Company's strong vision and powered by internal vitality, your Directors look forward to the future with confidence.

On Behalf of the Board of Directors

Sd/-

(J. P. Agarwal)

Chairman & Managing Director

PLACE : Bedla, Udaipur
DATED: 31st August, 2010



PACIFIC INDUSTRIES LIMITED

PACIFIC INDUSTRIES LIMITED, UDAIPUR

ANNEXURE 'A' TO DIRECTORS REPORT

Statement Containing Particulars Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming Part of Director's Report.

1 CONSERVATION OF ENERGY

Your Company has taken various steps wherever possible to conserve energy. Various studies, discussions and analysis being undertaken regularly for further improvements. These include improvement in manufacturing processes, better control over electricity consumption and using more cost effective information as per prescribed in Form "A" is given here under:

A. Power and Fuel Consumption	Current Year 31.03.2010	Previous Year 31.03.2009
1. Electricity		
(a) Purchased Units (Kwh)	7094710	6161790
Total Amount (Rs.)	34615410	29193900
Rate per unit (Rs.)	4.88	4.75
(b) Own Generation		
Through Diesel Generators		
Units (Kwh)	526,734	400,188
Units per litre of Diesel Generators	2.52	2.79
Cost per unit (Rs.)	12.24	11.81
2. Coal	N/A	N/A
3. Furnace Oil	N/A	N/A
4. Other Internal Generation	N/A	N/A
B. Consumption per unit of Production		
	Polished Granites	
Unit	Slabs/Tiles	Slabs/Tiles
Production	353144	309247
Electricity/Sq. Mtr (Kwh)	21.58	21.22

2 TECHNOLOGY ABSORPTION

Your Company is fully equipped to cater the needs of overseas buyers. Company's technical team has already absorbed the state-of-art technology in manufacture of polished granite slabs/Tiles and has already done a lot of successful work in adopting and improving the technology brought in by Company's collaborators and visiting technical experts. The main thrust areas have been to improve productivity and technical efficiencies through continuously monitored programmes of cost effectiveness and value engineering techniques. This has helped the Company to better the quality of its products and achieve economy in production costs.

3 FOREIGN EXCHANGE EARNINGS & OUTGO

	(Rs. in Lacs)	
	Current Year 2009-2010	Previous Year 2008-2009
F.O.B. Value of Export of Finished Goods	6376.69	5547.88
C.I.F. Value of Imports		
(a) Raw Materials (Consumables)	1049.85	936.92
(b) Capital Goods	0.00	529.51
Expenses in Foreign Currency	6.99	1.07

FOR AND ON BEHALF OF THE BOARD

Sd/- [DEVDRA MALIWAL] Director	Sd/- [KAPIL AGARWAL] Executive Director	Sd/- [J. P. AGARWAL] Chairman & Managing Director
--	---	---

PLACE: UDAIPUR
DATE: August 31, 2010



PACIFIC INDUSTRIES LIMITED

Annexure "B"

Statement Pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975

--	--	--	--	--	--

Sr. No	Name	Age (Years)	Designation	Gross Remuneration	Qualif
1.	Mr. J.P. Agarwal	54	CMD	2400000	C.A. (Inter
2.	Mr. Kapil Agarwal	27	Wholetime Director	2400000	M.B.A



PACIFIC INDUSTRIES LIMITED

Annexure "C"

Auditors' Certificate on Compliance of conditions of Corporate Governance

**To
The Members of
Pacific Industries Limited**

We have examined the compliance of conditions of Corporate Governance by **Pacific Industries Limited ("the Company")** for the year ended on 31st March, 2010, 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 to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 the representations made by the Directors and the Management, 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 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 A. Bafna & Company
Chartered Accountants
FRN : 003660C**

**Place:Udaipur
Date :31.08.2010**

**Sd/-
M. K. Gupta
(Partner)
Membership No: 73515**



PACIFIC INDUSTRIES LIMITED

Corporate Governance Report for the year 2009-10

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

Governance Philosophy

A corporate philosophy translates into a habit in the course of execution and experience. Your Company reaffirms its sense of responsibility to the cause and concerns regarding corporate Governance.

Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-à-vis its claimants – in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of 'good' corporate governance: maximizing long term shareholder value.

At Pacific Industries Limited (PIL), we believe that compliance with Corporate Governance is never possible without the emotional conviction walking the right path. This has formed the foundation of our Corporate Governance.

A. BOARD OF DIRECTORS:

BOARD COMPOSITION

The Board of Pacific Industries Limited has appropriate mix of skill and experience. It works together as a team while encouraging diverse and healthy debate in the interest of the Company and its shareholders. It makes sure that the Company has clear goals relating to shareholders and its growth. The Board reviews its policy from time to time to assess its relevance and suggest appropriate intervention.

The Company has a judicious mix of Executive and Non-Executive Directors. At present, there are eight directors on the Board. The Chairman is an Executive Director. More than half of the Board (62.50%) consists of Independent Directors.

COMPOSITION OF THE BOARD OF DIRECTORS AS ON 31st MARCH, 2010

Category	Directors	No. Directors
Promoter		
- Executive / Managing Director	Mr. J. P. Agarwal	1
Executive Director	Mr. Devendra Kumar Maliwal Mr. Kapil Agarwal	2
Independent Directors	Mr. S. M. Agarwal Mr. Jayanti Hiralal Oza Mr. Sumit Agarwal * Mr. Amit Agarwal * Mr. Mangilal Dangi	5
Total	-	8

* Retire by rotation at the ensuing Annual General Meeting.

Notes: -

1. Mr. J. P. Agarwal is the Chairman of the Board of Directors. He is also Managing Director of the Company.
2. Mr. S. M. Agarwal is the Chairman of the Audit Committee, Remuneration Committee and Shareholders' Grievance Committee.



PACIFIC INDUSTRIES LIMITED

Role:

The Board of Directors at Pacific Industries Limited primarily performs the following functions:

- ✓ Reviewing strategic plan for the Company;
- ✓ Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- ✓ Identifying principal risks and establishing a risk management framework to manage these risks;
- ✓ Succession planning, including appointing, training, fixing the compensation of senior management and officers one-level below the Board;
- ✓ Developing and implementing an investor relation programme or shareholders communication policy for the Company; and
- ✓ Reviewing the adequacy and the integrity of the Company's Internal Control System and Management Information System including system for compliance with applicable laws, regulations, rules, directives and guidelines.

Attendance of each director at the Board meetings and last AGM and Chairmanship and membership of committees in other public company as on 31st March, 2010.

Sl No.	Name of Director	Category	Financial Year 2009-10 attendance at		No. of Directorship in other public companies		No. of Committee position held in other public companies	
			Board Meeting	Last AGM held on 30 th September, 2009	Chairman	Member	Chairman	Member
1	Mr. J. P. Agarwal	Executive, Promoter	10	N	-	-	-	-
1	Mr. Devendra Maliwal	Executive, Non-independent	10	Y	-	-	-	-
1	Mr. Kapil Agarwal	Executive, Non-independent	10	N	-	-	-	-
1	Mr. S. M. Agarwal	Independent, Non-executive	5	Y	-	-	-	-
1	Mr. Jayanti Oza	Independent, Non-executive	4	N	-	-	-	-
1	Mr. Sumit Agarwal	Independent, Non-executive	7	N	-	-	-	-
1	Mr. Amit Agarwal	Independent, Non-executive	8	Y	-	-	-	-
1	Mr. Mangi Lal Dangi*	Independent, Non-executive	10	Y	-	3	3	-

- Holding directorship and committee positions at Shruti Synthetics Limited.



PACIFIC INDUSTRIES LIMITED

Details of Board Meetings held during the Financial Year 2009-10:

Scheduling and selection of Agenda items for Board Meetings:

During the Financial Year 2009-2010, 10 (ten) Board Meetings were held. The notice of the meeting specifying the day, date, time and full address of the venue of the meeting was given to all the Directors at the address provided by them or at their usual addresses in India, maintaining the statutory norms regarding notice period. The agenda along with the notes, draft resolution of the items to be approved were sent well in advance to all the Directors, so that they come prepared to offer advice and guidance during the meeting. The agenda of each meeting was finalised after consultation with the Managing Director as well as the Senior Management Team Members.

Information placed before the Board of Directors during the year includes:

The Board has easy and direct access to any information with the Company and to any employee of the Company. At the meetings of the Board, the managers who can provide useful insight into the items being discussed are invited as and when considered necessary.

The following information is regularly supplied to the Board along with the specific item agenda:

- | Sl. No | Date of Meeting | Board Strength | No. |
|--------|-----------------|----------------|-----|
| 1 | 30-04-2009 | 8 | |
| 2 | 25-05-2009 | 8 | |
| 3 | 31-07-2009 | 8 | |
| 4 | 25-08-2009 | 8 | |
| 5 | 31-08-2009 | 8 | |
| 6 | 31-10-2009 | 8 | |
| 7 | 24-11-2009 | 8 | |
| 8 | 30-01-2010 | 8 | |
| 9 | 25-02-2010 | 8 | |
| 10 | 31-03-2010 | 8 | |
- Annual operating plans and budgets, capital budgets and other proposals thereon;
 - Quarterly audited results of the company;
 - Minutes of meetings of Audit, Remuneration, Investors' Grievance Committee, as well as abstracts of circular resolution passed, if there any;
 - General notices of interest and updates, if any;
 - Notices under Section 274(1)(g) of the Companies Act, 1956;
 - Status of safety, security & legal compliance.
 - Information on recruitment and remuneration of senior officers just below the board level;
 - Materially important litigation, show cause, demand, prosecution, and penalty notices, if there any;



PACIFIC INDUSTRIES LIMITED

9. Company's management development processes and succession of senior management;
10. Fatal or serious accidents, dangerous occurrences, any material effluents or pollution problems;
11. Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company;
12. Any issue, which involves possible public or product liability claims of a substantial nature;
13. Significant developments on the human resources front;
14. Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as delays in share transfer / dematerialization etc.;
15. Related Party Transactions.

C. AUDIT COMMITTEE

The Company has complied with the requirements of Clause 49II(A) of the Listing Agreement with regard to composition of the Audit Committee. The composition of the Audit Committee and the details of the meetings of the Committee attended by the Directors are as follows:

Name of the Director	Number of Meeting Attended	Whether attended last AGM or not
Mr. S. M. Agarwal	4	Y
Mr. Jayanti Oza	4	N
Mr. Sumit Agarwal	4	N

The Audit Committee comprises of 3 independent directors, all of whom have relevant finance and audit exposure. During the year under review, 4 (four) Audit Committee meeting were held on 30.04.2009, 31.07.2009, 31.10.2009 and 30.01.2010.

The terms of reference of Pacific Industries Limited's Audit committee are:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by the management.



PACIFIC INDUSTRIES LIMITED

- d) Significant adjustments made in the financial statements arising out of audit findings.
- e) Compliance with Listing and other legal requirements relating to financial statements.
- f) Disclosure of any related party transactions.
- g) Qualification in the draft audit report.
5. Reviewing, with the management the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Reviewing the findings of Internal Control System in to matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
10. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has the following powers:

- I. To investigate any activity within its terms of reference.
- II. To seek information from any employee.
- III. To obtain outside legal or other professional advice.
- IV. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee has the powers prescribed under Clause 49II(C) of the Listing Agreement and the scope of activities of the Audit Committee includes the areas prescribed by Clause 49II(D) of the Listing Agreement. The Audit Committee also, mandatorily reviews the information prescribed under Clause 49II(E) of the Listing Agreement.

C. REMUNERATION COMMITTEE

The broad terms of reference of the Committee are to recommend to the Board about the salary (including annual increments), perquisites and commission/performance linked remuneration to be paid to the managing/whole-time director(s) of the Company and to finalise the perquisites package within the overall ceiling fixed by the Board. Following are the terms of reference of the Remuneration Committee of the Company:



PACIFIC INDUSTRIES LIMITED

1. Approving of the annual increment in the remuneration payable to the Managing Director / Whole time Director / Executive Director within the salary scale as sanctioned by the shareholders
2. Varying, altering or widening the terms of remuneration of the Managing Director / Whole time Director / Executive Director within the limits sanctioned by the shareholders
3. Determining commission/performance linked remuneration payable to the Managing Director / Whole time Director / Executive Director and the Non-Executive Directors within the limits specified by shareholders
4. Sanctioning retirement benefits within the limits approved by the shareholders

The recommendations of the Remuneration Committee are considered and approved by the Board subject to shareholders' approval.

Criteria for making payment to Directors of the Company:

The criteria for making payments to the Managing / Executive Directors are:

- The remuneration committee of the company recommends the salary payable to Executive Directors.
- The shareholders of the company approve the payment of Managerial Remuneration payable to the Managing / Executives / Whole time Directors.
- The financial position of the Company, appointee's qualification, experience, past performance.
- The remuneration paid to the Managing / Executives / Whole time Directors are determined keeping in view the industry benchmarks.

The Company has not granted any Stock Option to Executive/Non-Executive Directors during the year.

The Remuneration Committee comprises of three independent directors. The composition of the Committee as on 31st March 2010 is as follows :

Name of the Director	Whether attended last AGM or not
Mr. S. M. Agarwal	Y
Mr. Jayanti Oza	N
Mr. Sumit Agarwal	N

During the year 2009-2010, no meeting of the Committee was held.

Details of remuneration paid to the Directors during 2009-10 are as follows:

I. Non-Whole time Directors

No Sitting fees was paid to the non-executive directors during the Financial Year 2009-2010.



PACIFIC INDUSTRIES LIMITED

II. Managing Director, Whole Time director & Executive Director

Name & Designation of Director	Consolidated Salary (Rs. Lakhs)	Perquisites and Other Benefits (Rs. Lakhs)	Company's Contribution towards Provident Fund, Gratuity & Superannuation Fund (Rs. Lakhs)	Total (Rs. Lakhs)
Mr. J.P. Agarwal, C.M.D.	24.00	--	0.36	24.36
Mr. Kapil Agarwal, E.D.	24.00	--	0.36	24.36
Mr. Devendra Maliwal, E.D.	2.44	--	0.21	2.65
Period of contract of Managing Director		3 years w.ef. 30.09.2008		
Period of contract of Whole-Time Director		3 years w.ef. 23.07.2008		
Period of contract of Executive Director		3 years w.ef. 24.09.2009		

Shareholding of the Directors in the Company as on 31st March 2010

Sl. No.	Name	No. of Ordinary Shares of Rs.10/- each Held singly and/or jointly
1.	Mr. J. P. Agarwal	42336
2.	Mr. Kapil Agarwal	133455
3.	Mr. Devendra Maliwal	9724
4.	Shri S. M. Agarwal	2590

D. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

The terms of reference of Shareholders' Investors and Grievance Committee are to specifically look into the redressal of Investors' complaints like transfer of shares and non-receipt of balance sheet etc. The Registrar and Share Transfer Agents address the shareholders / investors grievance on a day to day basis and the same is monitored by the Compliance Officer. Further, on a quarterly basis the Board reviews the Complaints received and redressed by the Company and in compliance of Clause 41 of the Listing Agreement the Company makes due disclosure as to the number of investor complaints pending at the beginning of the quarter, those received and disposed of during the quarter and those remaining unresolved at the end of the quarter.

The composition of the Shareholders' Grievance Committee as on 31st March, 2010 is given below:



PACIFIC INDUSTRIES LIMITED

During the year 2009-10, the Shareholders / Investors Grievance Committee of PIL met forty three times on 13.04.2009, 27.04.2009, 11.05.2009, 18.05.2009, 25.05.2009, 08.06.2009, 22.06.2009, 29.06.2009, 13.07.2009, 20.07.2009, 27.07.2009, 03.08.2009, 10.08.2009, 17.08.2009, 24.08.2009, 31.08.2009, 07.09.2009, 14.09.2009, 21.09.2009, 23.09.2009, 12.10.2009, 20.10.2009, 26.10.2009, 09.11.2009, 16.11.2009, 23.11.2009, 30.11.2009, 07.12.2009, 14.12.2009, 21.12.2009, 28.12.2009, 11.01.2010, 18.01.2010, 22.01.2010, 01.02.2010, 08.02.2010, 15.02.2010, 22.02.2010, 02.03.2010, 08.03.2010, 15.03.2010, 22.03.2010 and 29.03.2010.

Name, Designation & address
of Compliance Officer:

Mr. Devendra Maliwal,
Executive Director
+91-294-2440933
+91-294-2440780
pacificinvestor@rediffmail.com

Shareholder/Investor Complaints

Shareholder/Investor Complaints	Name of the Committee Member	Category of Director (Executive/Independent)
Complaints pending as on 1 st April, 2009	Mr. S. M. Agarwal	Non-Executive Independent
Complaints Received during 1 st April 2009 to 31 st March 2010	Mr. Jayanti Oza	175 Non-Executive Independent
Complaints disposed off during the year ended 31 st March 2010	Mr. Sumit Agarwal	175 Non-Executive Independent
Complaints Pending as on 31 st March, 2010		NIL

E. DETAILS REGARDING VENUE, DATE AND TIME OF THE LAST THREE AGM

Financial Year	Details of Location	Date and Time when held	Summary and type of Resolutions passed
2006 - 07	Village Bedla, Udaipur -313004, Rajasthan (India)	29.09.2007 at 10.00 a.m.	No Special Resolution
2007-08		30.09.2008 at 10.00 a.m.	Special Resolutions - 3
2008-09		30.09.2009 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 1

For the year ended 31st March 2010, the shareholders of the Company did not pass any ordinary or special resolution by postal ballot.



PACIFIC INDUSTRIES LIMITED

F. DISCLOSURES -

- i) The Company had no transaction of material nature with its promoters, directors or the management, their subsidiaries or relatives, etc. that may have had potential conflict of interest with the Company at large. The Register of Contracts is placed at the meetings of the Board of Directors as per the requirements of the Companies Act, 1956.
- ii) There are no instances of non-compliance by the Company, penalties, strictures imposed by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- iii) The Company has established appropriate risk assessment and minimization procedure. This is reviewed regularly by the Board of Directors.
- iv) The Company has complied with the applicable Accounting Standards.
- v) Management Discussion and Analysis Report forms a part of the Director's Report.
- vi) The relevant disclosures on the remuneration of directors have been included under "Remuneration Policy" in this report.
- vii) The Company has not raised any proceeds from public issue, rights issue, preferential issue, etc. during the year.

G. CEO/CFO CERTIFICATION

The Managing Director appointed in terms of Companies Act, 1956, certify to the Board that :

- a. they have reviewed Financial Statements and the Cash Flow Statement for the year and, to the best of their knowledge and belief:
 - (i) these statements do not contain any materially untrue statement, have not omitted any material fact and do not contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. to the best of their knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violate Company's Code of Conduct.
- c. they accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. they have indicated to the auditors and the Audit Committee: -
 - (i) significant changes in Internal Control over financial reporting during the year,
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and



PACIFIC INDUSTRIES LIMITED

(iii) instances of significant fraud of which they are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

H. MEANS OF COMMUNICATION

Quarterly Results	Published in the newspaper as stipulated and displayed in the Company website
Newspapers in which quarterly results were published	Financial Express & Pratahkal
Any website, where displayed	www.pacificindustriesltd.com , www.bseindia.com .
Whether the official News Releases are displayed by the company	Official news releases are displayed on the Company's website. It is also published in one/ two newspapers that enjoy a wide circulation in the State where the registered office of the Company is situated – one is in English and other one in vernacular language of the State.

General Shareholder Information:

AGM Details

Date	30th September, 2010
Venue	Village Bedia, Post Box No 119, Udaipur 313004
Time	10.00 a.m.
Book Closure Date	Friday, 24 th September, 2010 to Thursday, 30 th September, 2010, both days inclusive.
Dividend Payment Date	Company has not declared any dividend for the F.Y. 2009-10

As required under Clause 49 IV(G)(i), particulars of Directors seeking appointment /reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 30th September, 2010.



PACIFIC INDUSTRIES LIMITED

Financial Calendar

Financial Year 2010-2011		
1	Year ending	31 March 2011
2	AGM	September 2011
3	First Quarter Results	July 2010
4	Second Quarter & Half Yearly Results	October 2010
5	Third Quarter Results	January 2011
6	Annual Results	April 2011

Listing on Stock Exchanges (with Stock Code)

Stock Exchange	Stock code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.	Share – 523483
The Calcutta Stock Exchange Asscn. Ltd.* 7 Lyons Range, Kolkata – 700 001.	Share – 26020
Jaipur Stock Exchange Ltd.	
Delhi Stock Exchange Association Ltd	
U. P. Stock Exchange Association Ltd.	

The Listing Fees for the year 2010-2011 have been paid to all the Stock Exchanges. The Company will start the process of delisting of its equity shares from the Stock Exchanges other than BSE shortly.

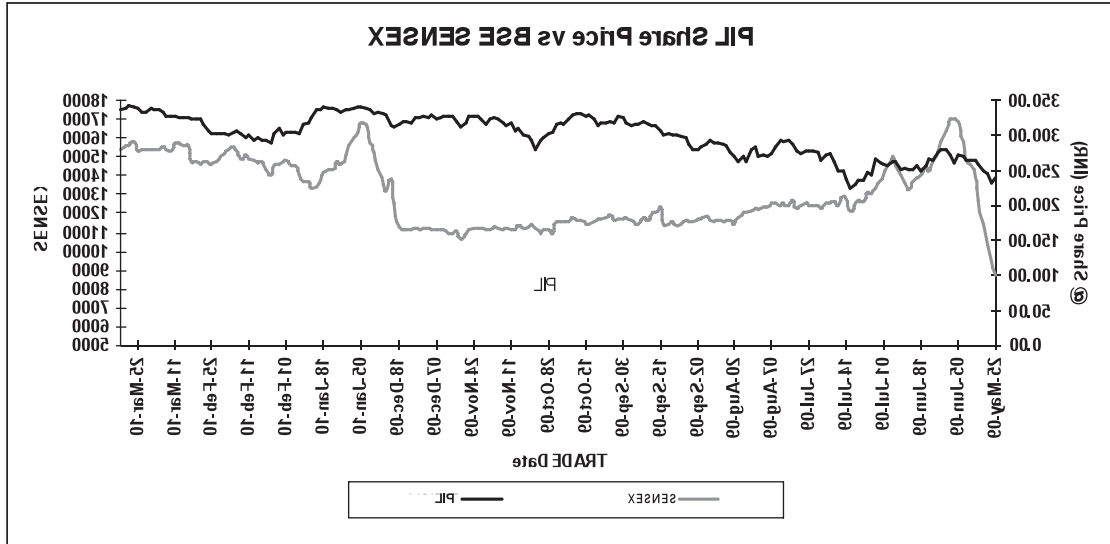
Market Information:

Monthly High and Low quoted on shares traded on Bombay Stock Exchange are:

Month	High	Low	Close
May, 2009	207.36	50.00	207.36
June, 2009	337.50	215.00	255.30
July, 2009	260.00	185.55	207.00
August, 2009	219.00	165.00	185.00
September, 2009	206.95	168.10	180.00
October, 2009	199.00	145.00	160.85
November, 2009	179.90	151.00	163.85
December, 2009	298.50	154.10	290.60
January, 2010	333.40	215.15	257.40
February, 2010	290.00	233.30	260.10
March, 2010	307.45	255.20	279.85



PACIFIC INDUSTRIES LIMITED



Name and address of Registrar & Share Transfer Agent

Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bandrup (W), Mumbai-400078.
 Tel.: 022-25943838
 Fax: 022-25946999
 E-mail: mumbai@linkintime.co.in

Shareholders holding share in the electronic form should address their correspondence, except those relating to dividend, to their respective Depository Participants.

Share Transfer System

(a) Physical Form - Shares in the physical form for transfer, should be lodged with the office of the Company's Registrar & Share Transfer Agent, M/s Intime Registry Ltd. or at the registered office of the Company. The transfers are processed if technically found to be in order and complete in all respects.

Transfers are normally processed within 15 days from the date of receipt, provided the documents are complete in all respects. The Certain Directors of the Company as well as officers of the R & T Agent are empowered to approve transfers.

SEBI vide its circular no. MRD/Dop/Cir-02/2009 dated May 20, 2009 make it mandatory for the transferee(s) to furnish copy of PAN card to the Company/RATs for registration of transfer of shares, for securities market transactions and off-market private transactions involving transfer of shares in physical form.

(b) Demat Form - The Company had made arrangements to dematerialize its shares through National Securities Depository Ltd. and Central Depository Services (India) Ltd. and Company's ISIN No. is INE883C01025.

As on 31st March, 2010, a total of 781,872 shares of the Company, which forms 27.82% of the



PACIFIC INDUSTRIES LIMITED

total shares, stands dematerialized. The processing activities with respect to the requests received for dematerialisation are completed within 15 days from the date of receipt of request.

Distribution of Shareholding as on 31st March, 2010

Categories of Shareholding as on 31st March, 2010

No. of ordinary shares held	No. of shares	%	No. of ordinary shares held	No. of shareholders	%
Promoters	555304	41.09			
UTI / MFs / Banks	7200	0.53			
FIs	10	0.00		20565	99.29
Corporate Bodies	117216	8.67			
FIIIs / NRIs / OCBs	10838	0.80		62	0.30
Resident Individuals	660932	48.90		74	0.36
Total	1351500	100.00		11	0.05
Dematerialisation of Shares and Liquidity			Total	20712	100.00

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing of shares the shareholders should open a demat account with the Depository Participant (DP). He is required to fill in a Demat Request Form and submit the same along with the share certificates to his DP. The DP will allocate a demat request no. and shall forward the request physically and electronically through NSDL/CDSL to R & T Agents.

On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of the shares is given in the account of the shareholder.

Plant Locations

Unit I : Village: Bedla, Udaipur – 313004 (Rajasthan) Tel. No. 0294-2440933/34; Fax No. 0294-2440780.	Unit II : Village : Survey No. 13, Kempalingahalli Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka) Tel. No. 080-27723004.
--	---



PACIFIC INDUSTRIES LIMITED

Address for correspondence

Village Bedla, Post Box No. 119, Udaipur – 313 001, Rajasthan.
E-mail: pacificind@rediffmail.com
URL : www.pacificindustriesltd.com

Code of Conduct for Directors and Senior Management Personnel

The Board of Directors of the company has adopted the Code of Conduct for Directors and Sr. Management Personnel. The Code is applicable to both Executive and Non-Executive Directors as well as Sr. Management. A declaration signed by chairman is given below :

I hereby confirm that:

The Company has obtained from all the members of the Board and Sr. Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the financial year 2009-10.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY

A. INDUSTRY STRUCTURE & DEVELOPMENT:

GROWTH PROSPECTS

1. The performance of the Indian economy during the year 2009-2010 greatly exceeded expectations. The farm sector which was expected to contract showed resilience, growing by 0.2 per cent despite the weak South West monsoon. The non farm sector also did well. It is the assessment based on sound research that the Indian economy would grow at 8.5 per cent in the year 2010-2011 and 9.0 per cent in the year 2011-2012.
2. Industrial sector recovery became evident in June 2009 and by August 2009 the General Index of Industrial Production (IIP) registered double digit growth rate driven by similar growth rates in output in the manufacturing and mining sector. In the year 2009-2010, the mining sector output grew at 10 per cent but a slowdown is expected in the year 2010-2011 with a projected growth of 8.0 per cent in both output and GDP arising in the sector.

GLOBAL PROSPECTS

The Indian global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2010 and to a large extent in 2011. The implications of this, for India's strategy to return to the 9.0 per cent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

B. OPPORTUNITIES:

By general consensus, India has been blessed by nature for its wide varieties of granite which, are not found anywhere in the world. Also the market demand for granite products is increasing



PACIFIC INDUSTRIES LIMITED

in countries with high annual growth rate, like Spain, China, Hong Kong, East Europe etc. The market potential is abundant and there are excellent prospects for the Indian granite industry to get better share in the world market.

Your Company is predominantly engaged in the manufacturing of High Quality Polished Granite Slabs and Tiles. Your Company's brand name '**Pacific**' has built up a better image over the other brands available in the domestic market. Your Company makes sustainable efforts to provide beautiful and durable varieties of Granite to the whole world and in the process nurtures long-term relations with customers. All this taken together heralds a bright future for your Company

C. THREATS:

Indian Granite industries are being forced to invest not only in (increasingly expensive) modern equipment, but also in extraction for access to the raw materials and moreover, also in expensive commercial investments such as opening their own warehouses etc. This strategy has its own risks. It places huge demands on management skills in an industry where, presently, all decisions were made by the owners at the top of the hierarchy. In other words, the granite industry is evolving into a highly capital intensive and complicated industry.

The market share of China in the international trade in granite has been steadily increasing in recent years. If that ever happens the threat to the survival of the elaboration of this industry in other countries will be real.

This is the age of technology. Resist it and you are dead. Invest in it and there is still no guarantee of success. Your Company has developed a strong and persistent work culture to operate successfully in diverse business environments by adapting to new technologies and complexities in different spheres of work. Adjustability and adaptability thus have become a part of day-to-day work. Cost effectiveness is directly and ultimately linked up with our Economies of Scale and Total Integration. This is what keeps your Company moving forward with agility and dynamism

D. OUTLOOK:

India is the world's third largest producer of natural stones and fifth in export of finished products. Even today the Indian share of world market is less than 10%. There is, however, a bright future for increasing the Indian share in the world market with its vast area of granite deposits spreading over more than 15 states and with wide variety of colours and skilled work force. The growth of the granite sector, which provides a lot of employment, particularly for the rural masses, is important for the socio-economic development of the country.

Moreover with the production of Pacific Red Granite, your Company shall command dominance in the global market

E. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

Your Company has in place proper and adequate system of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported correctly and to ensure compliance with policies, statutes, rules and regulations. The internal control system provides for documented procedures covering all financial and operating functions.



PACIFIC INDUSTRIES LIMITED

F. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Despite the challenges of the environment and the strategic drive to integrate and transform, the organization financial performance was strong. Company achieved a turnover of Rs. 6726.49 lakh during the period under review in comparison to the last year 2008-09 i.e., Rs. 6020.38 lakh. The Net Profit after Tax of the Company is Rs.798.21 Lakh as against Rs.1236.61 Lakh in the previous year. The decrease in the Net Profit is due to increase in Material & operating Cost.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Your Company has 196 employees on its rolls as on 31st March, 2010. Your Company value human resource as one of its most important assets, they being vital to the Company's performance and growth. The human resource systems promote co-operation and innovation within the employees and flexibility to adapt with the changing business needs. With an enlightened workers industrial relations in your Company continue to be healthy and cordial.

H. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. The Company can not guarantee that these assumptions and expectations are accurate or will be realized. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand /supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes applicable to the Company and incidental factors.

For Pacific Industries Limited

Sd/-

(J. P. Agarwal)

Chairman & Managing Director

**PLACE : Bedla, Udaipur
DATED: 31.08.2010**



PACIFIC INDUSTRIES LIMITED

AUDITORS REPORT

To,
The Members,
Pacific Industries Limited

We have audited the attached Balance Sheet of *M/s PACIFIC INDUSTRIES LIMITED* LIMITED as at 31st March, 2010 and also the annexed Profit & Loss A/c and Cash Flow Statement of the company for the year ending on that date. 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.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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.

As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that :-

1. 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.
2. In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books
3. The balance sheet and profit & loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the balance sheet, profit & loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956 except:- **(a) Accounting Standard 15 : Employee Benefits & (b) Accounting standard 11: The effects of changes in foreign exchange rates w.r.t old balances.**
5. On the basis of written representations received from directors, as on 31.03.2010 and taken on record by the Board of the Directors, we report that none of the director is disqualified as on 31.03.2010 from being appointed as a director in terms of clause 'g' of sub-section (1) of section 274 of the companies Act, 1956.



PACIFIC INDUSTRIES LIMITED

In our opinion and to the best of our information and according to the explanationas given to us the said accounts subject to

- a. *Refer Note No. 2 in notes on accounts regarding confirmation and reconciliation of various Debit and Credit balances appearing under various heads & non provision of exchange fluctuation w.r.t. certain old balances. Final reconciliation / confirmation of the same may affect our disclosure.*
- b. *Note No. 6 in notes on accounts regarding Employee Benefits.*
- c. *Refer Note No. 10 regarding accounting for taxes.*

and read together with other accounting policies & notes on accounts, give the information required by the companies Act, 1956 in 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 Balance Sheet of the state of affairs of the company as at March 31, 2010 and
- b) In case of Profit & Loss accounts of the profit of the Company for the year ended on that date.
- c) In the case of Cash Flow statement of the cash flows for the year ended on that date.

For A.Bafna & Company
(Chartered Accountants)
FRN:- 003660C

Sd/-
(CA M.K.Gupta)
Partner
M.No. 73515

Place : UDAIPUR
Date : AUGUST 31, 2010



PACIFIC INDUSTRIES LIMITED

Re: Pacific Industries Limited

Annexure referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, Fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial / major part of the fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is adequate looking the size and affairs of the Company.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records have been appropriately dealt with in the books of accounts.
- (iii) (a) The company has not granted unsecured loan to parties covered in the register maintained under section 301 of the companies act, 1956. Hence the sub-clause (b),(c),(d) of clause (iii) of the order is inapplicable.
- (e) The company has taken interest free unsecured loans from 8 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding at a point of time during the year was Rs. 8,53,10,543/- and the year end balance of loan taken from such parties was Rs. 5,16,69,543/- .
- (f) In our opinion, terms & conditions on which loans have been taken from companies, firms or other 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.
- (g) According to the information & explanation the unsecured loans taken are repayable on demand and there is no repayment schedule and the company is regular in making payment of principal amount and interest due on loans taken by it wherever stipulation for its repayment has been made.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its



PACIFIC INDUSTRIES LIMITED

business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls,

- (v) (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements 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 explanation given to us, such transactions in respect of any party listed in the register maintained under Section 301 of the companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time
- (vi) According to the information and explanation given to us, the company has not accepted any deposits from the public. Therefore the provision of clause (vi) of paragraph 4 of the order are not applicable to the company.
- (vii) In our opinion, the company does not have an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information & explanation 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 the products manufactured by the company.
- (ix) (a) To the best of our knowledge and information obtained and verifications made, we report that the company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, and other material statutory dues applicable to it, except few delays. There are no undisputed amount payable in respect of such dues which have remained outstanding as at 31st march 2010 for a period exceeding six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no pending dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which are not deposited on account of any dispute.
- (x) The company is not having accumulated losses at the end of the year and company has not incurred cash losses during current year and in immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank during the current financial year .
- (xii) In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, the question of maintenance of records or reporting on deficiencies does not arise.



PACIFIC INDUSTRIES LIMITED

- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore. the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, during the year under audit , the company did not engage in dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanation given to us ,the company has not given any guarantee for loans taken by others from Banks or Financial institutions.
- (xvi) To the best of knowledge and belief and according to the information & explanation given to us, the company has not availed the term loan during the year under review therefore the said clause is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arises.
- (xix) According to the information and explanations given to us, the company has not issued any debentures.
- (xx) According to the information and explanation given to us the company has not raised any money from Public Issue during the year hence the question of disclosure and verification of end use of such money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For A.Bafna & Company

(Chartered Accountants)

FRN :- 003660C

Sd/-

(CA M.K.Gupta)

Partner

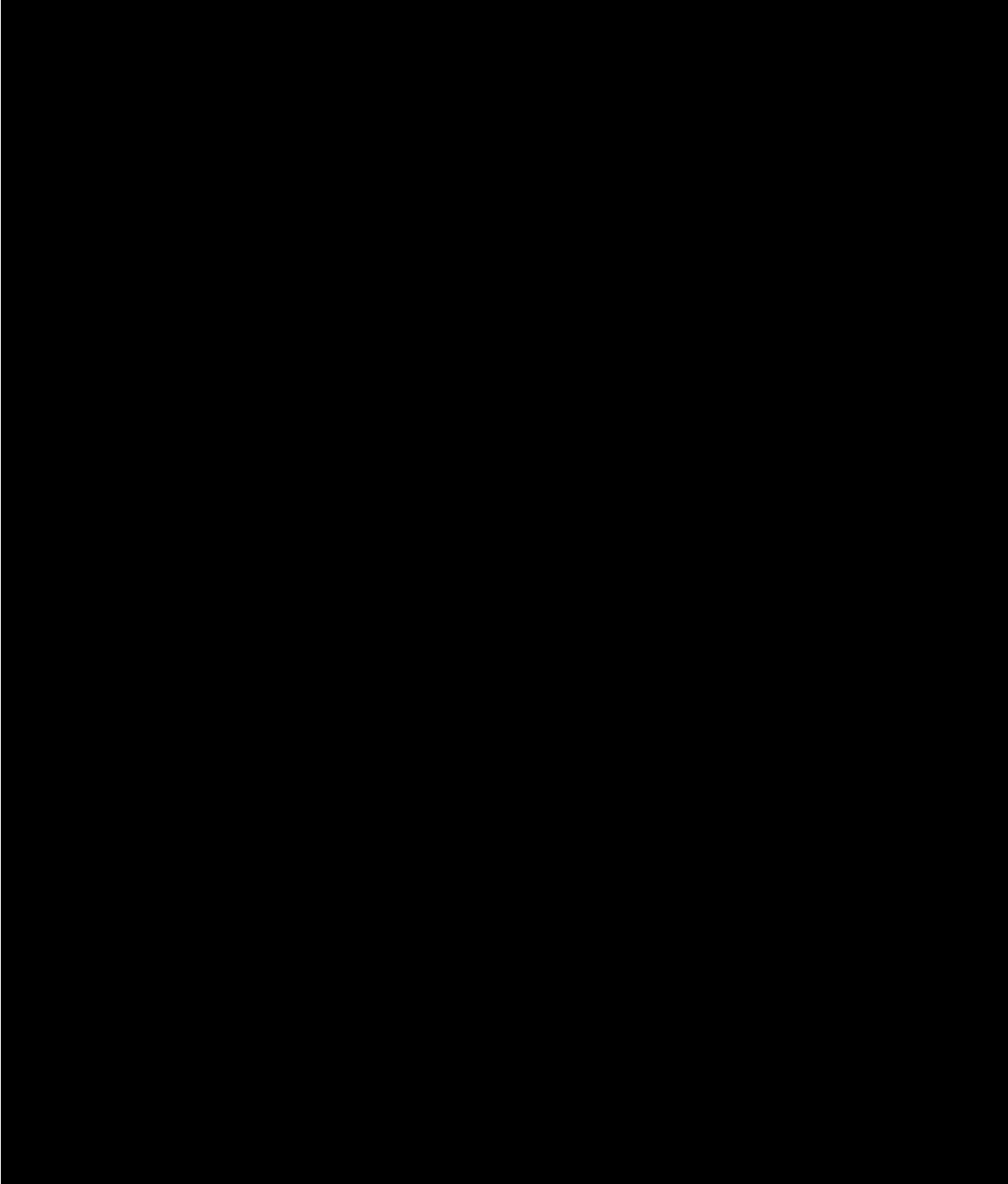
M.No. 73515

Place : UDAIPUR

Date : AUGUST 31 ,2010



PACIFIC INDUSTRIES LIMITED





PACIFIC INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR E

Particulars	Schedule No.
INCOME	
Gross Turnover	
Less-Excise Duty	
Net Turnover	
Other Income	12
Increase/Decrease in Stock	13
TOTAL	
EXPENDITURE	
Material Cost	14
Manufacturing & Other Expenses	15
Financial Expenses	16
Depreciation	5
TOTAL	
Profit/Loss Before Taxation	
Less: Provision For Income Tax	
Less: Prior Period Tax Expenses	
Profit For The Year After Taxation	
Profit Brought Forward	
Add/Less: Prior Period Adjustment	
Available for Appropriation	
Profit/(Loss) Carried Forward To Balance Sheet	

- 3 Basic and diluted Earnings per Share (EPS)
Nominal value of per share Rs. 10)

Number of shares for computation of EPS



PACIFIC INDUSTRIES LIMITED

Schedules 1 to 17 Annexed to and forming integral part of the Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the Year ended 31st March, 2010

	As at 31-03-2010 (Rs.)	As at 31-03-2009 (Rs.)
SCHEDULE 1: SHARE CAPITAL		
Authorised		
2,50,00,000 Equity Shares of Rs. 10/- each	<u>250000000</u>	<u>250000000</u>
Issued Subscribed & Paid up		
13,51,500 Equity Shares of Rs. 10/- each (Previous Year 13,51,500 Equity Shares of Rs. 10/- each)	13515000	13515000
TOTAL	<u>13515000</u>	<u>13515000</u>
SCHEDULE 2: RESERVES & SURPLUS		
Profit & Loss Account	<u>320252355</u>	<u>241021542</u>
TOTAL	<u>320252355</u>	<u>241021542</u>
SCHEDULE 3: SECURED LOANS		
(C) Working Capital Borrowings from Bank	5365073	10802011
Vehicle Loan from ICICI Bank Ltd.	<u>9117804</u>	<u>4197331</u>
TOTAL	<u>14482877</u>	<u>14999342</u>
Working Capital Borrowing from Bank of Baroda is secured by way of hypothecation of inventory i.e. Raw Materials, Stock in process, Finished Goods, Store & Spares and book debts (both present and future) and guaranteed by the Directors of the Company.		
SCHEDULE 4: UNSECURED LOANS		
(a) From Directors	0	4525000
(b) From Corporate bodies	49653094	72324094
(c) Security Deposit from Customers	<u>11527587</u>	<u>15027587</u>
TOTAL	<u>61180681</u>	<u>91876681</u>



PACIFIC INDUSTRIES LIMITED

SCHEDULE 5: FIXED ASSETS									
	Gross Block			Depreciation			Net Block		
	Cost as at 01.04.2009	Addition During the year	Deduction/ Adjustment 31-03-2010	Total as at 31-03-2010	As at 01.04.2009	For the year	Sales/ Adjust	As at 31-03-2010	As at 31-03-2009
1. Land	30242252	0	233463	30008789	0	0	0	30008789	30242252
2. Building	82283408	680910	0	82964318	31473406	3960952	0	47529959.6	50810002
3. Plant & Machinery	512664087	4589251	0	517253338	406463222	29633488	0	81156627.8	106200865
4. Furniture & Fixture	6347080	199547	0	6546627	4850270	208818	0	1487539	1496810
5. Vehicle	16137951	9566164	0	25704115	7918750	2591530	0	15193835	8219201
6. Misc. Ass. Mining Equipments	96506368	0	0	96506368	91681049	0	0	4825319	4825319
T O T A L	744181146	15035872	233463	758983554.8	542386697	36394789	0	180202069	201794449
Previous year	660444211	84638607	901672	744181146	515549466	26837231	0	201794449	144894745
Capital Work in Progress	692150	965576	1492150	165576	0	0	0	165576	692150
GRAND TOTAL	744873296	16001448	1725613	759149131	542386697	36394789	0	180367645	202486599



PACIFIC INDUSTRIES LIMITED

SCHEDULE 6: INVESTMENT LONG TERM (NON TRADE) QUOTED (AT COST)

			As at 31-03-2010 (Rs.)	As at 3/31/2009 (Rs.)
100	(100)	Equity Shares of Narmada Chematur Petro Ltd. of Rs. 10/- each Fully Paid-up	2000	2000
6100	(6,100)	Equity shares of Sattelite Engg. Ltd. of Rs. 10/- each Fully Paid-up	122000	122000
500	(500)	Equity Shares of Jaicrop Limited of Rs. 10/- each Fully Paid-up	55000	55000
12200	(12,200)	Equity Shares of Uni Royal Textile India Limited of Rs. 10/- each Fully Paid-up	122000	122000
400	(400)	Equity Shares of Feedral Bank Ltd. of Rs. 10/- each Fully Paid-up	36000	36000
100	(100)	Equity Shares of Liberty Shoes Ltd. of Rs. 10/- each Fully Paid-up	9900	9900
2400	(2,400)	Equity Shares of Bharat Immunosil Limited of Rs. 10/- each Fully Paid-up	24000	24000
120	(120)	Equity Shares of Bajaj Auto Finance Ltd. of Rs. 10/- each Fully Paid-up	39000	39000
		Total Quoted Cost (A)	<u>409900</u>	<u>409900</u>

LONG TERM UNQUOTED (AT COST)

NIL	NIL	National Saving Certificate (Pledge with the Govt.) Face Value	40400	40400
		Total Unquoted Cost (B)	<u>40400</u>	<u>40400</u>
		TOTAL INVESTMENTS (A+B)	<u>450300</u>	<u>450300</u>
		QUOTED COST	409900	409900
		MARKET VALUE	478330	389635
		UNQUOTED COST	<u>40400</u>	<u>40400</u>
			<u>450300</u>	<u>450300</u>



PACIFIC INDUSTRIES LIMITED

	<u>As at 31-03-2010 (Rs.)</u>		<u>As at 3/31/2009 (Rs.)</u>
SCHEDULE 7: INVENTORIES			
AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT			
Raw Material	41301592		13081061
Consumables	23102179		20281021
Stock in Process	37966334		37289316
Finished Goods	<u>134818872</u>	237188976	<u>115121287</u> 185772685
Scrap		9252119	9570910
Material in Transit		496096	0
TOTAL		<u><u>246937191</u></u>	<u><u>195343595</u></u>



PACIFIC INDUSTRIES LIMITED

	<u>As at 31-03-2010 (Rs.)</u>	<u>As at 31-03-2009 (Rs.)</u>
SCHEDULE 8: RECEIVABLES		
(Unsecured but considered good)		
More than six months	51169960	47994888
Others	<u>114372253</u>	<u>126508182</u>
TOTAL	<u><u>165542213</u></u>	<u><u>174503070</u></u>
SCHEDULE 9: CASH & BANK BALANCES		
(a) Cash in Hand	1767443	2308245
(b) Balances with Scheduled Banks		
1. In Bank of Baroda	2510072	5249786
2. Balance with other banks	369825	28752
3. In FDR (including deposited as margin money for BG/LC)	1054704	2716487
TOTAL	<u><u>5702043</u></u>	<u><u>10303270</u></u>
SCHEDULE 10: LOANS & ADVANCES		
(Unsecured but considered good)		
Advance recoverable in cash or kind or for value to be received	122197365	122048857
Security deposit (with government departments)	9475355	6784170
Security deposit (with others)	1858838	902000
TOTAL	<u><u>133531558</u></u>	<u><u>129735027</u></u>



PACIFIC INDUSTRIES LIMITED

SCHEDULE 11: CURRENT LIABILITIES	As at 31-03-2010 (Rs.)	As at 31-03-2009 (Rs.)
Sundry Creditors		
For Materials	123046604	130480524
For Expenses	26174241	27794637
For Others	<u>7286815</u>	<u>9245289</u>
Outstanding Liabilities	156507660	167520450
Income Tax deducted at Source	16963760	18954441
Advance from Customers	481776	1202223
TOTAL	<u>132362322</u> <u>306315518</u>	<u>146719968</u> <u>334397082</u>

SCHEDULE 12: OTHER INCOME

C. S. T. Refund	452530	470971
DEPB SALES	409222	0
Exchange Rate Fluctuation	0	31736423
High Seas Sale- Profit	0	695177
Interest Received	3627181	6866527
Miscellaneous Receipts	1009203	3404653
TOTAL	<u>5498136</u>	<u>43173751</u>



PACIFIC INDUSTRIES LIMITED

SCHEDULE 13:	Year ended on 31-03-2010 (Rs.)		Year ended on 31-03-2009 (Rs.)	
INCREASE/ DECREASE IN STOCKS				
Closing Stock				
Stock in Process	37966334		37289316	
Finished Goods	135314968		115121287	
Scrap	<u>9252119</u>	182533421	<u>9570910</u>	161981513
Less: Opening Stock				
Stock in Process	37289315		43371807	
Finished Goods	115121287		75712830	
Scrap	<u>9570910</u>	161981512	<u>9557513</u>	128642150
Increase/(Decrease) in Stocks		<u>20551909</u>		<u>33339364</u>
SCHEDULE 14:				
MATERIAL COST				
Raw Material- Indegenious	154200751		137989159	
Raw Material -Imported	12764632		24753579	
Raw Material -Marble	1625777		2679339	
Raw Material -Natural Stone	<u>641787</u>	169232947	<u>2658921</u>	168080998
Consumables				
Steel Blades	26360320		24523343	
Steel Grit	39208940		32230082	
Polishing Stone	<u>10113318</u>	75682578	<u>7410170</u>	64163595
Indegenious				
Polishing Stone- Local	<u>2964185</u>	2964185	<u>3275898</u>	3275898
Stores & Spares				
Imported	11407766		11882924	
Indegenious	<u>52335161</u>	63742927	<u>48516746</u>	60399670
Other Purchases				
Finishing & Block Dressing Expense	463526		1148509	
Granite Trading Purchases	75890359		76730424	
Marble Trading Purchase	<u>1487701</u>	77841586	<u>5240419</u>	83119352
TOTAL		<u>389464223</u>		<u>379039513</u>



PACIFIC INDUSTRIES LIMITED

	Year ended on 31-03-2010 <u>(Rs.)</u>	Year ended on 31-03-2009 <u>(Rs.)</u>
SCHEDULE 15:		
MANUFACTURING AND OTHER EXPENSES		
MANUFACTURING EXPENSES		
Factory Expenses	1066905	795657
Power & Fuel	34681866	29193900
Repairs & Maintenance- Plant & Machinery	1548176	2403763
Tractor Hire Charges	2804343	2019569
Brazing exp.	244896	159413
TOTAL	(A) <u><u>40346186</u></u>	<u><u>34572302</u></u>
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries	11229584	8946074
Wages	12385445	10052168
Bonus & Ex-Gratia	1728332	1555823
Employer's Contribution to ESI	655783	582280
Employer's Contribution to PF	1951877	1579755
Gratuity	1704724	1111536
P.L.Encashment	883666	591581
Staff & labour Welfare	1055857	1182493
TOTAL	(B) <u><u>31595268</u></u>	<u><u>25601710</u></u>
ADMINISTRATIVE & SELLING EXPENSES		
Advertisement	46185	12275
Analysis & Testing	0	43650
Auditor's Remuneration & Expenses	303157	290766
Business Guest Expenses	994277	674788
Bad Debt	2043166	0
Charity & Donation	136551	97222
Commision on Sales	649898	286423
Conveyance & Vehicle Running Expenses	2653352	2502968
Cost Recover Chgs.	110787	40974



PACIFIC INDUSTRIES LIMITED

Director's Remuneration & Expenses	5136156	3328267	
Discount on Sales	1688396	0	
EDLI Charges	41298	1596	
Exchange Rate Fluctuation	12640887	0	
Exhibition Exp.	5334043	1252121	
Fees & Subscription	406875	815056	
Freight & Forwarding Expenses	43598156	34142683	
Compensation /incentive	1115931	1091193	
Deduction on CST/VAT claim.	829137	745964	
Insurance Premium	1608762	484943	
Legal Expenses	343964	142794	
Listing Fees	56221	565612	
Miscellaneous Expenditures	1228640	259261	
Office Expenses	363271	446154	
Office Rent	960000	960000	
Professional charges	337952	359862	
Postage, Telex, Telegram & Telephone, printing.	4364689	3470756	
Rates & Taxes	582508	1844477	
Repair & Maintenance- Others	475277	590615	
Sales Promotion	352909	1854957	
Security Service Expenses	847360	671249	
Share Transfer Exp.	40933	111503	
Travelling Expenses	9656607	10134215	
Loss on insurance claim	149859	175938	
TOTAL	(C)	99097204	67398282
GRAND TOTAL	(A)+(B)+(C)	171038658	127572294
SCHEDULE 16:			
FINANCIAL CHARGES			
Bank Commission & Charges	1268957	1598676	
Bank Interest	1535292	1340154	
Interest others	235318	1724596	
TOTAL	3039567	4663426	



PACIFIC INDUSTRIES LIMITED

SCHEDULE 17: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) ACCOUNTING POLICIES:

(1) **General:**

The company follows mercantile basis of accounting and recognizes income and expenses on accrual basis except otherwise mentioned. The accounts are prepared on historical cost basis on the principles of going concern. Accounting policies not specifically referred are consistent and in consonance with generally accepted accounting principles.

(2) **Use of Estimates :**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statement and the reportable amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the year in which the results known/materialized.

(3) **Revenue Recognition:**

(i) Revenue in respect of sales of goods is recognized at the point of dispatch/ passage of title of goods to the customer. Sales are net of excise duty and sales tax.

(ii) Insurance and other claims being unascertained are accounted on receipt basis.

(4) **Fixed Assets:**

Fixed Assets are stated at cost of acquisition or construction or at revalued amounts wherever such assets have been revalued less accumulated depreciation.

(5) **Depreciation :**

Depreciation on Fixed assets has been provided on written down value as per the rates prescribed in schedule XIV of the companies Act, 1956.

Depreciation on additions has been provided on pro-rata basis from the date on which asset is capitalized/ put to use, wherever applicable.

Fixed assets costing Rs. 5,000/- or less are being fully depreciated in the year of acquisition.

(6) **Impairment of Assets :**

The carrying amounts of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to profit and loss account.

Recoverable amounts are estimated for individual assets where feasible, otherwise to the relevant cash generating unit.

(7) **Investment:**

Investments are classified into current and long term investment.



PACIFIC INDUSTRIES LIMITED

Long term investments are carried at cost. Provision for diminution is made in the value of investment to recognize a decline if any, other than temporary.

Current investments are stated at lower of cost and net realizable value.

(8) Export Incentive:

Export incentives on trading export such as import entitlement, advance license are accounted for on the realization/ sale thereof.

(9) Employee Benefits:

- (i) Gratuity and leave encashment payable to employees, who are eligible are accounted for on accrual basis as it will become due for payment on last day of accounting year.
- (ii) Provident fund paid/ payable during the year is charged to Profit & Loss Account.

(10) Inventories:

- (i) Raw materials, stores & spares, consumables are valued at actual cost on FIFO basis.
- (ii) Stock-in-process is valued at weighted average cost which includes cost of raw material, stores & spares and other consumable consumed and manufacturing expenses, production overheads and depreciation.
- (iii) Finished goods are valued at cost or at estimated realizable value whichever is lower. Cost for this purpose includes raw materials, wages, manufacturing expenses, production overheads and depreciation.
- (iv) Scrap is valued at estimated realizable value.
- (v) Crazy/ wastage arising out of production is valued at net realizable value.

(11) Foreign Currency Transactions:

- (i) Foreign Currency transactions are accounted for at the exchange rate prevailing on the date of such transaction, where such transactions are not covered by forward contracts. Gains/ Losses arising out of the fluctuation in the exchange rate are accounted for on realization.
- (ii) Current assets & liabilities are translated at year-end rate. Exchange fluctuation, if any, are adjusted in profit and loss account (except related to fixed assets) during the year and the related current assets and liabilities accordingly restated in the balance sheet.
- (iii) In respect of foreign currency taken for acquisition of fixed assets, any fluctuation arising due to such transactions are adjusted in the cost of the respective fixed assets.

(12) Taxation :

- a) Current tax is the provision made for Income Tax liability, if any on profits in accordance with the provisions of the Income Tax Act, 1961.
- b) Deferred tax is recognized on timing differences, being the difference resulting from the recognition of items in the financial statements and in examining the current income tax.
- c) Deferred tax assets are recognized on unabsorbed depreciation/ business losses to the extent that there is virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized and on expenses incurred but to be allowed on payment basis as per provision of the Income Tax Act, 1961



PACIFIC INDUSTRIES LIMITED

(b) Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the Balance Sheet date.

(13) Contingent Liabilities:

Provisions 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 there 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.

(B) NOTES ON ACCOUNTS:

(1) Contingent liability are not provided for in the matter of :
(a) Guarantees issued by bank on behalf of the Company Rs. 6,00,000/- (Previous year Rs. 6,00,000/-).

(d) Letter of credit issued by bank on behalf of the Company Rs. 19,25,198/- (Previous year Rs. 44,98,074/-).

(c) Show cause notice recd from excise authorities of Rs 1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account

(b) Show Cause notice recd from excise authorities of Rs 4.94 crore in respect of custom duty under the provision of Custom Act 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

(e) Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise Act against which the company has filed an appeal.

(f) Service Tax refund claim rejection of Rs 3.40 lacs against which the company is pursuing the matter with concerned department.

(2) Debit and Credit balances appearing under sundry debtors, advance recoverable in cash or in kind, unsecured loans, sundry creditors are subject to confirmation and reconciliation. Adjustment, if any, in these accounts will be made as and when finally reconciled and confirmed.

(3) Receivables have been taken at their book value, after making necessary adjustment on account of foreign exchange fluctuation.

(4) Consumption of raw material and consumables and stores & spares have been arrived at by adding purchases to opening stock and deducting closing stock there from.

(5) Net realizable value in respect of valuation of craxy\ waste arising out of production have been taken by the management on the basis of quotation received from various parties.

(6) The company has provided Gratuity provision on accrual method as it will become payable on accounting year's end. This provisioning method is not according to Accounting standard - 15



PACIFIC INDUSTRIES LIMITED

Employee benefits issued by the Institute of Chartered Accountants of India. The impact of difference between provisions made and required to be made as suggested in AS- 15 is unascertainable.

- (7) During the year the Company has incurred exchange Loss of Rs.1,26,40,887/- on account of Foreign exchange fluctuations (previous year gain of Rs. 3,17,36,423/-)
- (8) In line with the notification dated 31st March, 2009 issued by The Ministry of Corporate Affairs, amending Accounting Standard AS11 -'Effects of Changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the standard by the notification. Accordingly, the company has adjusted the foreign currency exchange differences on amounts outstanding for acquisition of fixed assets, to the carrying cost of fixed assets.
- (9) FDR's includes FDR's, which are pledged against margin money Rs.10,54,704 /-, (Previous year Rs.16,04,772/-).
- (10) The company has substantial amount of unabsorbed depreciation / business losses hence the company is liable to pay Minimum Alternate Tax (MAT) in accordance with the provisions of the Income tax Act, 1961. The same has been debited to P&L account of the company. MAT credit is not recognized as a measure of prudence. Further the company was running in heavy losses during earlier years and the company has substantial amount of unabsorbed depreciation/ business losses as per Income Tax Act. In view of accounting policy no. 12, the company has not recognized Deferred Tax Assets since there is no virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized. However the figures of the Deferred Tax liabilities / Assets as on 31.03.2010 is as under:-

Particulars	As on 31.03.2010	As on 31.03.2009
<u>Deferred Tax Liabilities</u>		
Difference in Books & IT Depreciation	Nil	2824011
<u>Deferred Tax Assets</u>		
Difference in Books & IT Depreciation	1774122	Nil
Expenses debited in P & L but to be allowed in Subsequent years in Income Tax.	3036665	3606050
Unabsorbed Depreciation / Loss	43502053	82297223
<u>Net Deferred Tax Assets</u>	48312840	83079262

- (11) Previous years figures have been rearranged/ regrouped wherever necessary.
- (12) Remuneration to Chairman & Managing Director comprises Rs.24, 00,000 /- as salary, (Previous year Rs. 13, 50,000/-).
- (13) The basic earnings per share are computed by dividing the net profit after tax for the period by the weighted average number of Equity Shares outstanding during the period.



PACIFIC INDUSTRIES LIMITED

Particulars	2009-2010	2008-2009
No. of Equity Shares (weighted average)	1351500	1351500
Profit After Tax	7,92,30,813/-	11,83,26,382/-
Earning per share (Basic & Dilutive)	58.62/-	87.55/-

(14) Related parties information are as under – AS 18 :

(a) Key Management Personnel	Shri J. P. Agarwal (Chairman & Managing Director) Shri Kapil Agarwal (Whole Time Director) Shri Devendra Maliwal (Executive Director)
(b) Relatives	Shri Bhola Ram Agarwal Smt. Leela Devi Agarwal Smt. Geeta Devi Agarwal Ashish Agarwal Rahul Agarwal Ankit Agarwal Preeti Agarwal
(c) Entities in which key management personnel and their relatives are interested.	Rameshwar Agencies Ruchita Exports Kapil Exports Geetanjali Education Society Geetanjali Foundation Geetanjali Marble Dhawal Marbles & Granites P. Ltd. Ojaswi Marbles & Granites P. Ltd. Rahul Marbles P. Ltd Amit Granites Pearl Exports Pacific Leasing & Research Ltd. Shruti Synthetics Ltd. J P Marble Pacific Education Society

Particulars	Referred in (a) Above (Rs. in Lacs)		Referred in (b) Above (Rs. in Lacs)		Referred in (c) Above (Rs. in Lacs)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchases:	0.00	0.00	0.00	0.00	10.76	1.87
Sales:	0.00	0.00	0.00	0.00	120.10	22.55
Salary	50.44	30.97	5.40	5.40	0.00	0.00
Expenses	0.00	0.00	0	4.81	0.00	0.00
Payables/Advance Received	4.24	21.23	.20	0.00	-692.40	632.87
Loan Taken	0.00	0.00	0.00	0.00	672.20	402.96
Loan Repaid	0.00	0.00	0	58.20	972.58	1074.91
Loan Outstanding as on 31 March 2010 (Liabilities)	0.00	7.25	4.81	4.89	493.05	790.21
Loan Outstanding as on 31 March 2010 (Assets)	0.00	0.00	0.00	0.00	146.18	704.58



PACIFIC INDUSTRIES LIMITED

(15) Figures are rounded off to the nearest rupees.

(16) Payment to Auditors against fees during the year is as under:

PARTICULARS	2009-10 (In Rs.)	2008-09 (In Rs.)
Audit fees / Limited Review Fees / Tax audit fees	185,000.00	1,85,000.00
Service Tax	19,055.00	19,055.00
Total	2,04,055.00	2,04,055.00

(17) The Company is operating in only one segment i.e. exports of Granite & Marble; hence there is no reportable segment.

(18) The Government of India has promulgated "The Micro, Small & Medium Enterprises Development Act" 2006 which came into force w.e.f. October 2, 2006. The Company is required to identify the Micro & Small Enterprises & pay them interest on overdue beyond the specified period irrespective of the terms agreed with the enterprises. The Company has initiated the process of identification of such suppliers. In view of no. of suppliers & no receipt of critical inputs & response from several such potential parties, the liability of interest cannot be reliable estimated nor can required disclosure be made. Accounting in this regard will be carried out after process is complete and reliable estimate can be made in this regard. Since the Company is regular in making payments to all suppliers, the management does not anticipate any significant interest liability.



PACIFIC INDUSTRIES LIMITED

(19) Additional Information pursuant to the provision of paragraphs 3 and 4 of Part II of the schedule VI of the Companies Act, 1956

(C) PARTICULARS OF GOODS MANUFACTURED/ PURCHASED AND SALES

S. Particulars No.	Unit	Opening Stock Qty	Opening Stock Amount Rs.	Production/ Purchase Qty	Production/ Purchase Amount Rs.	Sales/ Transfer Qty	Sales/ Transfer Amount Rs.	Closing Stock Qty	Closing Stock Amount Rs.
1	Polished Granite Slabs (Previous Year)	Sq.Mt. 99,718 (64,604)	107,879,322 (63,631,973)	328,501 (309,247)	---	327,683 (274,133)	550,718,664 (429,908,970)	100,535 (96,483)	124,065,923 (107,879,322)
2	Polished Granite Cut to Size (Previous Year)	Sq.Mt. 4,380 (3,071)	4,806,851 (3,258,557)	4,661 (10,420)	---	3,466 (9,111)	3,845,910 (13,323,731)	5,575 (4,380)	6,195,894 (4,806,851)
3	Polished Marble Slabs (Previous Year)	Sq.Mt. 1,508 (7,471)	1,100,081 (8,067,483)	10,537 (19,919)	---	8,588 (25,882)	4,983,130 (14,673,823)	3,457 (23,859)	3,298,096 (1,100,081)
4	Polished Marble Cut to Size (Previous Year)	Sq.Mt. 538 (40)	455,422 (57,398)	2,772 (4,869)	---	2,668 (4,372)	1,976,462 (2,506,409)	642 (538)	462,060 (455,422)
5	Polished Natural Stone (Previous Year)	Sq.Mt. 1,291 (1,101)	879,611 (697,417)	6,673 (16,769)	---	6,731 (16,579)	8,894,044 (22,903,045)	1,233 (1,291)	796,898 (879,611)
6	Granite Slabs (Trading) (Previous Year)	Sq.Mt. ---	---	51,366 (62,138,000)	---	51,366	96,352,653 (102,272,030)	---	---
7	Granite Cut To Size (Trading) (Previous Year)	Sq.Mt. ---	---	516	---	516	572,416	---	---
8	Marble Slabs (Trading) (Previous Year)	Sq.Mt. ---	---	822 (6,359)	---	822	1,668,680 (9,021,342)	---	---
9	Marble Cut To Size (Trading) (Previous Year)	Sq.Mt. ---	---	1,422	---	1,422	963,014	---	---
10	Natural Stones (Trading) (Previous Year)	Sq.Mt. ---	---	250	---	250	306,450	---	---
11	Natural Stones Block (Trading) (Previous Year)	M.T. ---	---	25	---	25	125,700	---	---
12	Depp Sales (Previous Year)	---	---	-	---	-	2,241,577	---	---
13	Others (High Seas Sale) BLOCK (Previous Year)	M.T. ---	---	-	---	-	- (7,428,780)	---	---



PACIFIC INDUSTRIES LIMITED

(d) VALUE OF RAW MATERIAL , CONSUMABLES , STORES & SPARES PARTS CONSUMED

	2009-10			2008-09		
	QTY	VALUE (Rs.)	% AGE (Value)	QTY	VALUE (Rs.)	% AGE (Value)
(i) Raw Material (Rough Granite Blocks in Cubic Mtrs.)						
Granite Indegenious	9137	154,200,751	91.12	7,544.00	137,989,159	82.10
Granite -Imported	284.00	12,764,632	7.54	1,966.18	24,753,579	14.73
Marble - Indegenious	981.65	1,625,777	0.96	3,971.31	5,338,260	3.18
Natural stone	2672.22	641,787	0.38	-	-	-
Total	13075.33	169232947.00	100.00	13,481.49	168,080,998	100
(ii) Consumables , store & spare parts						
Indegenious	-	<u>55,299,346</u>	<u>38.84</u>	-	<u>53,595,362</u>	<u>41.92</u>
		55,299,346	38.84		53,595,362	41.92
Imported						
Steel Blade	500237	26,360,320		431,298	24,523,343	
Steel Grit	918655	39,208,940		692,775	32,230,082	
Polishing Stone	125916	10,113,318		136,533	7,410,170	
Store & Spares	-	<u>11,407,766</u>		-	<u>10,080,206</u>	
		87,090,344	61.16		74,243,801	58.08
Total		<u>142,389,690</u>	<u>100.00</u>		<u>127,839,163</u>	<u>100.00</u>



PACIFIC INDUSTRIES LIMITED

Sd/-

Sd/-

Sd/-

Sd/-

Director



PACIFIC INDUSTRIES LIMITED

PARTICULARS	As on	As on
	31.03.2010	31.03.2009
	Rs. in Lacs	Rs. in Lacs
A. Cash Flow from Operating Activities:		
Net Profit before Tax and Extraordinary Items	966.06	1406.73
Depreciation & Amortisation	363.95	268.37
Other Income not relating to operations	(54.98)	(431.74)
Bad Debts Provision Revert Back	0.00	0.00
Profit on Sale of Assets	0.00	(13.99)
Decrease (Increase) in Investments	0.00	0.00
Other Financial Exp.	12.69	15.99
Interest (Net)	17.71	30.65
Total	1305.42	1276.01
Decrease (Increase) in Trade & Other Receivables	89.61	49.50
Decrease (Increase) in Investments		
Decrease (Increase) in Inventories	(515.94)	11.31
Increase (Decrease) in Current Liabilities	(280.82)	136.58
Decrease (Increase) in Loans & Advances	(37.97)	(280.57)
Interest Paid (Net)	0.00	0.00
Total	(745.11)	(83.18)
Cash Flow before Extraordinary Items	560.31	1192.83
Taxes Paid	(170.12)	(128.21)
Extra-ordinary Items	(5.90)	(53.35)
Net Cash from Operations	384.29	1011.27
B. Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(150.36)	(846.39)
Sale of land	2.33	23.01
Decrease (Increase) in Capital Work in Progress	5.27	180.56
Other Income	54.98	431.74
Net Cash From Investing	(87.78)	(211.08)
C. Cash Flow From Financing Activities:		
Repayment of Long Term Borrowings	(312.12)	(729.78)
Increase (Decrease) in Reserves & Surplus	0.00	0.00
Issue of Shares	0.00	0.00
Other Financial Exp.	(12.69)	(15.99)
Interest (Net)	(17.71)	(30.65)
Net Cash From Financing Activities	(342.52)	(776.42)
Total Increase (Decrease) in Cash & Cash Equivalents	(46.01)	23.79
Cash & Cash Equivalents at the beginning of the year	103.04	79.25
Cash & Cash Equivalents at the end of the year	57.03	103.04

As per our report of even date attached

For A.Bafna & Co.

Chartered Accountants

FRN:-003660C

For and on behalf of the board

Sd/-
M.K.GUPTA
Partner
M.No. 073515

Sd/-
DEVENDRA MALIWAL
Executive Director

Sd/-
KAPIL AGARWAL
Executive Director

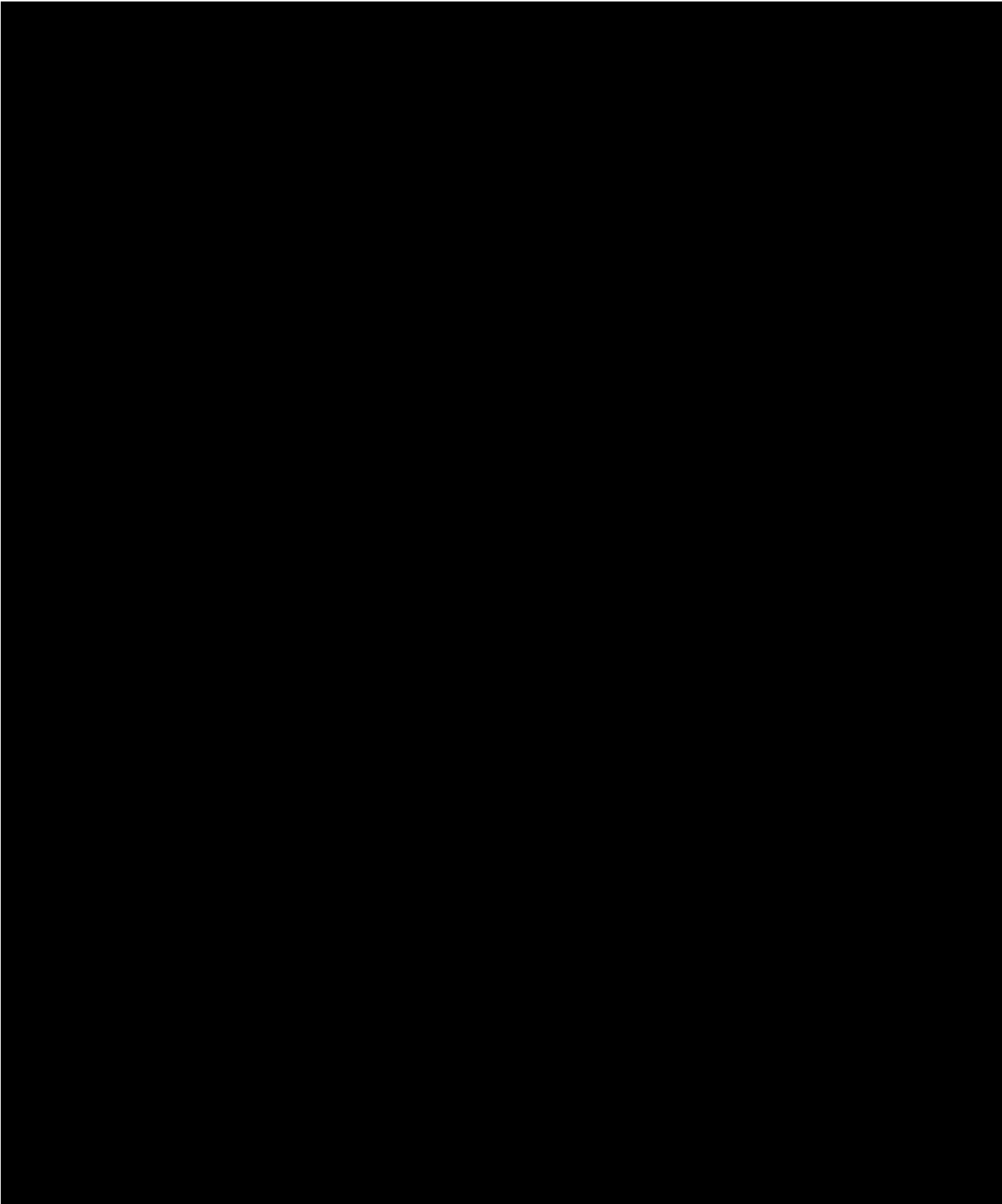
Sd/-
J. P. AGARWAL
Chairman & Mg. Director

Place: UDAIPUR

Dated: AUGUST 31, 2010



PACIFIC INDUSTRIES LIMITED



ATTENDANCE SLIP

Pacific Industries Limited

Registered Office: Village Bedla, Udaipur – 313 004, Rajasthan.

(Please fill this attendance slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the 21st Annual General Meeting of the Company to be held at **Village Bedla, Udaipur - 313 004, Rajasthan** on Thursday the 30th September, 2010 at 10.00 A.M.

Folio No. # _____

DP ID* _____

No. of shares held _____

CLIENT ID* _____

Member's / Proxy's name (in Block Letters)

Signature

Applicable for shares held in physical form.

*** Applicable for shares held in dematerialized form.**

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING.

.....
PROXY FORM

Pacific Industries Limited

Registered Office: Village Bedla, Udaipur – 313 004, Rajasthan.

I/We _____ of _____ in the district of _____ being member(s) of **Pacific Industries Limited** hereby appoint Mr. / Mrs. _____ of _____ in the district of _____ or failing him/her Mr./ Mrs. of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 21st Annual General Meeting of the Company to be held at **Village Bedla, Udaipur - 313 004, Rajasthan** on Thursday the 30th September, 2010 at 10.00 A. M. and at any adjournment thereof.

Folio No. # _____

DP ID* _____

No. of shares held _____

CLIENT ID* _____

Signed this _____ day of _____, 2010

Signature

Affix Rs. One
Revenue Stamp

Applicable for shares held in physical form.

*** Applicable for shares held in dematerialized form.**

Note: This form in order to be effective should be duly stamped, completed, signed and must be deposited at the registered office of the company not less than 48 hrs. before the time for holding the meeting.