

**TWENTY SECOND  
ANNUAL REPORT  
2009 - 2010**



**Shree Pacetrnix Ltd.**

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*Technology Serving Humanity*

*An ISO-9001 Company*

**BOARD OF DIRECTORS** : Shri Atul Kumar Sethi, Chairman & Managing Director  
Smt. Amita Sethi, Whole time Director  
Shri Sushil Patni Non Executive Independent Director  
Shri Anil Rathi Non Executive Independent Director  
Shri Praveen K. Badjatya Non Executive Independent Director

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

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

**REGD. OFFICE & FACTORY** : Plot No. 15, Sector II,  
Industrial Area  
Pithampur, Dist. Dhar (M.P.) 454775  
Phone : 07292-411105, Fax : 07292-400418  
Email : info@pacetronix.com

**SHARE TRANSFER AGENT** : Ankit Consultancy Private Limited  
Alankar Point, II Floor,  
A. B. Road, INDORE - 452001  
Phone : 0731-3048602

**N O T I C E**

**NOTICE** is hereby given that 22<sup>nd</sup> Annual General Meeting of the Members of the SHREE PACETRONIX LIMITED will be held on Thursday, 30<sup>th</sup> September, 2010 at 10:30 a.m at the registered office of the company to transact the following business: -

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit and Loss Accounts for the year ended on that day together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Anil Rathi who retires by rotation and being eligible offers himself for re-appointment.
3. To consider re-appointment of the Auditors and fixing up of their remuneration.

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of section 257 of the Companies Act, 1956 and other applicable provisions, if any, consent of the members be and are hereby accorded for the appointment of Shri Praveen Kumar Badjatya as an Independent non-executive director of the Company whose office shall be determined by retirement by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mr. Atul Kumar Sethi as the Managing Director of the Company for a further period of Three years commencing from the 1st December, 2010 on the following terms and conditions as given below:

Basic Salary : Rs. 1,60,000 = 00 per month with an annual increment @ 10%

Perquisites : Rs. 40,000 = 00 towards H.R.A

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

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

**“RESOLVED THAT** pursuant to the provisions of Section 269, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to re-appoint Mrs. Amita Sethi as the Whole time Director of the Company for a further period of Three years commencing from the 1st December, 2010 on the following terms and conditions as given below:

Basic Salary : Rs. 40,000 = 00 per month with an annual increment @ 10%

Perquisites : Rs. 10,000 = 00 towards H.R.A

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

*By order of the Board of Directors of*

**Shree Pacetronix Limited**

**Atul Sethi**

Chairman & Managing Director

PLACE : Pithampur

DATE : 15<sup>th</sup> July, 2010

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately.
  - b. Quote their ledger folio number in all their correspondence.
  - c. Hand over the enclosed attendance slip, duly signed in accordance with their specimen signatures registered with the company for admission to the meeting place.
  - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
3. The Register of Members and Share Transfer Books of the company shall remain closed from 29/09/2010 to 30/09/2010 (both days inclusive).
4. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
5. Members seeking any information are requested to write to the company at least 10 days before the date of the AGM to enable the management to reply appropriately at the AGM.
6. Members are requested to notify immediately any change in their address to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at M/s Ankit Consultancy Pvt. Ltd., Alankar Point, A. B. Road, II Floor, A. B. Road, Indore – 452 001.
7. Explanatory Statement is attached to the Notice as per Section 173 of the Companies Act, 1956.
8. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting are advised to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Meeting.

**EXPLANATORY STATEMENT IN TERMS OF SECTION 173 OF THE COMPANIES ACT, 1956.****Item No : 4.**

One of the Independent Directors, Shri Bansilal Baid has resigned. In order to maintain the proper composition of the executive, non-executive and independent director, broad basing of the Board of Directors becomes essential. Accordingly Shri Praveen Kumar Badjatya has been inducted in the Board as Additional Director on the Board Meeting held on 15<sup>th</sup> July 2010, in term of the provisions of Section 260 of the Companies Act, 1956 to replace the aforesaid outgoing director. In compliance with the provisions of section 257 of the Act the Company has received a notice proposing his name for regular appointment by the members in the ensuing Annual General Meeting, hence your directors recommend this resolution, However, none of the directors except Shri Praveen Kumar Badjatya may be deemed as concerned or interested in the resolution.

**Item No : 5 & 6.**

Shri Atul Kumar Sethi and Smt. Amita Sethi are the Managing Director and Whole Time Director respectively of the Company. They were re-appointed for the term of Three years from 1<sup>st</sup> December 2007 which is coming to expire. Their experience, commitment and capabilities are playing a crucial role in the growth of the Company. Thus the Board of Directors feel that there is a need for a continuation of suitable plans and program and therefore, it is imminent that these persons continue in the capacity of Managing Director and Whole Time Director respectively.

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

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

PLACE: Pithampur  
DATE: 15<sup>th</sup> July, 2010

**Atul Sethi**  
Chairman & Managing Director

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

Name of Directors	MR. ATUL KUMAR SETHI	MRS. AMITA SETHI	MR. ANIL RATHI	MR. PRAVEEN KUMAR BADJATYA
Date of Birth	17.04.1962	01.06.1966	05.02.1954	21.08.1964
Date of Appointment	11.01.1988	11.01.1988	25.07.2008	15.07.2010
Expertise/ Experience in Specific functional areas	23 years. experience in Managing & Implementing Industrial Undertaking	Having 14 years experience in Management of Industrial Undertaking	32 Years experience in Marketing of Medical Instrumentation, Financies, and Management of Industrial Automation.	More than 20 year experience in commercial Business.
No. of Equity Shares held*	614456	93092	500	
List of outside Company directorship held	1. Shree Coratomic Limited 2. Sethi Resins Pvt. Ltd.	1. Shree Coratomic Limited 2. Sethi Resins Pvt. Ltd.	1. Rathi Electronic Appl. Ltd. 2. Magnum Distilleries Pvt. Ltd. 3. Modern Circuits Pvt. Ltd.	NIL
Chairman / Member of the Committees of the Board of Directors of the Company	Chairman Shareholders/ Investors Grievance Committee	NIL	Member Audit Committee Remuneration Committee Shareholders/ Investors Grievance Committee	Member Audit Committee Remuneration Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	NIL	NIL	NIL

\* Share holding as on 30-6-2010

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

<b>FINANCIAL RESULTS</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Turnover including other Income	<b>606.67</b>	<b>581.96</b>
Profit before interest & depreciation	95.19	95.41
Interest & other charges	32.07	23.13
Depreciation	38.58	40.40
Profit before Tax	<b>24.53</b>	<b>31.88</b>
Less : Provision for Tax :		
Current Tax	9.64	5.44
Fringe Benefit Tax -	0.87	3.35
Deferred Tax -	-1.65	4.19
Net Profit after Tax	15.68	18.90

**PERFORMANCE REVIEW & FUTURE OUTLOOK**

The company recorded a total turnover of **Rs. 595.51 Lacs** In year 2009 -2010 against a previous turnover of **Rs. 567.30 Lacs** Export sale was **Rs.52.64 Lacs** Compared to **Rs. 67.78 Lacs** Respectively.

The Directors have to report that the mobile X-Ray failed to perform qualitatively and hence a decision was taken to stop the production of the same and further investment as well.

The company has now capacity to increase production of Pacemakers and the growth and ale of pacemakers in continuing, especially from exports,. At the same time the indogeneous sale and profitability thereof has decreased due to price and strong competition from multinationals. The company had embarked on the development of a microchip for Rs.200.00 lac, which will not only lower the cost of pacemaker production but also enable the company to develop high profitable and advance implantable pacemakers which have very good export prospects as well. The microchip will be available for trials in September/October 2010. Thereafter the same will be incorporated with redesigning of all circuitry for existing pacemaker range of the company. The Interest liability in the next 5 years along with repayment of term loan sanctioned from Bank of India for the above project will affect the overall profitability of the company. The company has made all efforts to decrease the manufacturing and administrative costs to meet the above eventuality. With intense Research efforts, the company was able to successfully develop the screw in lead and completely indigenized the VVI Rate responsive pacemakers thus reducing the import costs and increase the profitability thru sale of these pacemakers. The R&D is working on new advanced products such as Dual Chamber Rate Responsive pacemaker, Biventricular Pacemaker and its Leads, Implantable Neuro -stimulators, CPAP (Continious Positive Air Pressure) machine and Deep Brain Stimulation Generators, these products do not require additional machineries for manufacturing of the same. The Directors also have to inform that the company has been working with NSTL, Govt. of India in developing for the first time in India, Cochlear Implants and Deep Brain Stimulation pacemakers and its Leads. These products and its technology will eventually be liscenced to the company. The company will become the 4<sup>th</sup> company in the world to manufacture Cochlear Implants, which will bring the company increased revenue and recognition world wide.

**DIRECTORATE**

Shri Bansilal Baid has resigned from the Board. The Board places on record its appreciation of the services rendered by the said Non executive Independent Director during their tenure as Director of the Company Shri Praveen Kumar Badjatya has been appointed as additional director of the Company in the Board Meeting held on 15<sup>th</sup> July 2010, In term of the requirements of section 257 of the Companies Act, 1956, Shri Praveen Kumar Badjatya would be appointed as Director of the Company liable to retire by rotation, of which Notice along with a deposit of Rs. 500/- have been received from member signifying their intention to propose Shri Praveen Kumar Badjatya as Director of the Company, hence approval of the member is being sought for the appointment.

In term of the provision of the Company Act, 1956 Shri Anil Rathi would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer himself for reappointment. Shri Atul Kumar Sethi and Smt. Amita Sethi completed his term of Three years as the Managing Director and Whole Time Director of the Company, your Directors proposes for his reappointment as the Managing Director and Whole Time Director of the Company subject to approval of the shareholders in the ensuing AGM. There is no other change in the Directorate of the Company during the year under review.

**DIRECTORS RESPONSIBILITY STATEMENT**

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

- (a) The financial statements are in full conformity with the requirements of the Companies Act, 1956, and applicable accounting standards have been followed along with proper explanation relating to material departure.
- (b) The directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the company for the year under review.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts for the financial year ended 31<sup>st</sup> March 2010 on going concern basis.

**AUDITORS AND AUDITORS' REPORT**

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

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

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

**PUBLIC DEPOSITS**

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

**CORPORATE GOVERNANCE**

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

**COMPLIANCE CERTIFICATE**

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**SUBSIDIARY COMPANY**

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

**HUMAN RESOURCES**

The relations with the employees continued to be cordial and satisfactory throughout the year. Your Directors wish to place on record their deep sense of appreciation for the devoted services, of all employees of the Company for their sustained efforts in improving the operational efficiencies.

**PARTICULARS OF EMPLOYEES**

None of the employees, of the Company is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and amendments thereto from time to time.

**APPRECIATION**

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

Place : Pithampur  
Date : 15<sup>th</sup> July, 2010

For and on behalf of the Board of Directors of  
**Shree Pacetronix Limited**

**(ATUL KUMAR SETHI)**  
(Chairman & Managing Director)

## Annexure - I

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2010.

**ANNEXURE TO THE DIRECTORS' REPORT**

(As required under section 217 (1) (e) of the Companies Act, 1956)

**I. CONSERVATION OF ENERGY**

The Company continued its efforts to conserve energy by installing various equipments and utilities. Regular inspection of such equipments have been carried out. The above measures have resulted in controlling of energy consumption.

**FORM - A**

Form for disclosure of particulars with respect to conservation of energy.

	<b>31.03.2010</b>	<b>31.03.2009</b>
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
(a) Purchased		
Units (Nos.)	117271	115197
Total Amount (Rs.)	728790	742391
Rate/Unit (Rs.)	6.21	6.44
(b) Own Generation		
(i) Through diesel generator		
Units (Nos.)	NIL	NIL
Units/litre of diesel oil (Nos.)	NIL	NIL
Cost/Unit (Rs.)	NIL	NIL
(ii) Through steam Turbine/generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Production of Pacemakers (Nos.)	2048	2116
Electricity (Units)	57.26	54.44
Furnace Oil	NIL	NIL
Coal	NIL	NIL

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

Form for disclosure of particulars with respect to absorption.

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

1. Specific areas in which R & D carried out by the Company.	The Company is developing various components in-house.
2. Benefits derived as a result of the above R & D.	Reducing dependence on the import and improvement in the quality.
3. Future plan of action.	To continue R & D for new products & indigenisation.
4. Expenditure on R & D.	Charged to respective head of accounts.

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

- The efforts have been made towards Technology absorption & adoption of Technology received from M/s. Bio-Pace Technology Inc., USA for the manufacture of Cardiac Pacemakers.
- Benefits derived as a result of above efforts i. e. product improvement, cost reduction, product development, and import substitution etc. in the manufacturing of Cardiac pacemakers.

3. In case of Imported Technology (Imported during last 17 years reckoned from beginning of the financial year) following information be furnished :
- |  |         |
|--|---------|
| (a) Technology imported  | IN FULL |
| (b) Year of import   | 1992-93 |
| (c) Has Technology been fully absorbed?  | Yes     |
| (d) If not fully absorbed areas where this has not taken place, reasons thereof & future plan of action. | N. A.   |

### III. FOREIGN EXCHANGE EARNINGS AND OUT GO

	(Rs. in Lacs)	
	31/03/2010	31/03/2009
<b>1. Foreign Exchange earned :</b>		
- FOB Value of Exports	52.64	67.78
- Job Work	0.00	0.00
<b>2. Foreign Exchange used : CIF Value of import of</b>		
- Raw Materials	136.27	161.00
- Capital Goods	66.34	60.75
- Traded Goods	3.66	0.00
<b>3. Foreign Travels :</b>		
- Directors & Others	8.56	11.13



**COMPLIANCE CERTIFICATE**

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

CIN: L33112MP1988PLC004317

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

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

To,

The Members,

SHREE PACETRONIX LIMITED

PITHAMPUR

I have examined the registers, records, books and papers of SHREE PACETRONIX LIMITED ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its directors and officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Limited Company, comments is not required.
4. The Board of Directors duly met 5 times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company being a listed company closed its Register of Members on 24th September, 2009 to 25th September, 2009 under Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 25th September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not held any Extra-ordinary General Meeting during the financial year under review.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts in contravention of the provisions of section 297 of the Act.
10. The Company has complied with the provisions relating to register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has issued duplicate certificates during the financial year by the registrar and transfer agent of the Company time to time in compliance with the provisions of the Companies Act, 1956 read with the listing agreement.
13. The Company has
  - i) delivered all the certificate of securities on allotment of shares/ lodgment thereof transfer/transmission or any other purpose in accordance with the provisions of the Act;
  - ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) Not posted warrants to any member of the Company as no dividend declared during the financial year.
  - iv) was not required to transfer any amount to the Investor Education & Protection Fund as there was no amount due for transfer to the above said account relating to unpaid dividend, application money due for refund, matured deposits, matured debentures and interest accrued thereon as remain unpaid or unclaimed for a period of Seven years.
  - v) Duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the company is duly constituted. There was appointment of Additional Director and thereafter regular appointment in the AGM of the Company. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has not been required to obtain any approval of the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors Pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Equity Shares during the financial year.

20. The Company has not bought back any shares during the financial year.
21. The Company has no preference shares or debentures.
22. The Company has not declared dividend nor has issued any rights shares and bonus shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has borrowed the loan in Compliance of the Section 293(1) (d) of the Act.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

Place : INDORE  
Date : 15.07.2010

Signature :  
Name of the Company Secretary : ASHISH GARG  
F.C.S No. 5181, C.P. No. 4423

#### Annexure A

Registers as maintained by the Company

1. Register of Share Transfers.
2. Register of Charges under Section 143.
3. Register of Members under Section 150.
4. Registers & Returns kept at the Registered Office viz Annual Returns under Section 163.
5. Minutes Book of Board Meeting and General Meeting under Section 193.
6. Books of Accounts under Section 209
7. Register of Contracts under Section 301
8. Register of Directors, Managing Director, Manager and Secretary under Section 303
9. Register of Director's Shareholdings under Section 307
10. Register of Inter Corporate Investments.

#### Annexure B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2009.

Sr. No.	Form No./Return	Filed under section	For	Date of filing filing/Date of deposit of Challans	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Balance Sheet	Sec. 220	As on 31.03.2009	25.10.2009	Yes	No
2.	Annual Return	Sec. 159	AGM held on 25.09.2009	23.11.2009	Yes	No
3.	Form 66	Sec. 383 A	For the financial year ended on 31.03.2009	25.10.2009	Yes	No

Place : INDORE  
Date : 15.07.2010

Signature :  
Name of the Company Secretary : ASHISH GARG  
F.C.S No. 5181, C.P. No. 4423

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS (forming part of Directors Report)

**(a) Industry Structure and Development**

The Company is engaged in manufacturing and marketing of different types of Pacemakers. There has been growing demand of the products manufactured by your Company.

**(b) Highlights of Performance**

The same has been given in the Directors Report under the heading performance review.

**(c) Segment wise or product wise performance :**

The Company is engaged in pacemakers manufacturing only and there is no separate repeatable segments.

**(d) Opportunities and Threats/Risk and Concerns**

With the growing awareness about the healthcare in the country, there are vast opportunities for the products of the Company. Global economic trends, global competitors, uncertainties about the development of national healthcare system represents threats for the company.

**(e) Internal Control System**

The Company has proper internal control system which provides adequate safeguards and effective monitoring of the transactions.

**(f) Human Resources**

Various initiatives have been taken to enhance the skills, knowledge and competency of the employees. The industrial relations remained harmonious throughout the year.

**(g) Cautionary Statement**

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predications may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the Company's operations include competition, government policies and regulations.

### CORPORATE GOVERNANCE REPORT

Annexure - IV

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

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

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

As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

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

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

**CEO Certification**

In terms of Clause 49 of the Listing Agreement, the certification by the Managing Director on the financial statements and internal controls relating to financial reporting has been obtained.

**2. BOARD OF DIRECTORS**

The Board of Directors of the company consists of eminent persons with considerable professional expertise and experience of trade, commerce, profession and industry. The present composition is two directors in the whole time employment of the company and three independent professional directors. The particular of the Board with their interest in other concern is presented before you in the following table:

Name of Director	Category of Directorship	No. of Board Meeting attended	No. of other Director ship	Committee Membership	Chairman
Shri Atul Kumar Sethi	Mg. Director	5	2	1	1
Smt. Amita Sethi	W. T. Director	5	2	--	--
Shri Sushil Patni	Non-Executive	5	--	3	2
Shri Bansilal Baid	Non-Executive	3	--	1	--
Shri Anil Rathi	Non-Executive	3	3	3	--

### 3. BOARD PROCEDURE

The Board meets at least once in a calendar quarter to review the overall business operations including considering the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met five times during the year under review on 30.04.2009, 31.07.2009, 28.08.2009, 31.10.2009, 30.01.2010.

### 4. AUDIT COMMITTEE

The audit committee consists of the following directors :-

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

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

### 5. REMUNERATION COMMITTEE

The Company pays remuneration to the Whole-time Directors while no sitting fees is paid to non-executive directors. The remuneration of the Whole-time Directors is decided by the Board of Directors and approved by the shareholders. The aggregate amount of the remuneration paid for the financial year 2009-10 is as under:-

Shri Atul Kumar Sethi (Managing Director) -	Rs. 26.30 Lacs
Smt. Amita Sethi (Whole-time Director) -	Rs. 6.58 Lacs

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

1. Shri Sushil Patni (Chairman)
2. Shri Bansi Lal Baid
3. Shri Anil Rathi

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

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

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

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

### 7. COMPLIANCE OFFICER

Shri Hari Mohan Jha is the Compliance Officer in the company.

**8. GENERAL BODY MEETINGS**

The last three General Meetings were held as per detail below: Date of General Meeting Relevant Venue/location  
Time of meeting Financial year where held

Date of General Meeting	Financial year where held	Relevant Venue/Location	Time of Meeting
17-11-2007	2006-07	Registered office	04.00 p. m.
25-09-2008	2007-08	Registered office	10.30 a.m.
25-09-2009	2008-09	Registered office	10:30 a.m.

No special resolutions were passed through postal ballot in the last AGMs. No special resolutions requiring postal ballot are placed before the shareholders for approval at the forthcoming AGM.

**9. DISCLOSURES**

- Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under Paragraph No. 7 of the Notes to the Accounts attached with the financial statement for the year ended March 31, 2010. The transactions with the related parties do not have potential conflict with the interests of the Company at large.
- There were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.
- Auditors Certificate on corporate governance is enclosed herewith.

**10. MEANS OF COMMUNICATIONS**

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

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

- Date : 30th September, 2010  
Day : Thursday  
Time & Venue : 10.30 a.m. at the registered office of the company at Plot No. 15, Sector II, Industrial Area, Pithampur (M. P.)

**(b) FINANCIAL CALENDAR**

(Tentative)

- Results for the quarter ending 30-06-2010 : July, 2010
- Results for the quarter ending 30-09-2010 : October, 2010
- Results for the quarter ending 31-12-2010 : January, 2011
- Results for the quarter ending 31-03-2011 : April, 2011

**(c) DATES OF BOOK CLOSURE**

29.09.2010 to 30.09.2010 (Both days inclusive)

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

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

**(e) STOCK CODE** : Scrip Code: BSE 527005

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

**(f) REGISTRAR AND TRANSFER AGENT** : Ankit Consultancy Pvt. Ltd. Alankar Point, II Floor, A. B. Road, Indore - 452001**(g) SHARE TRANSFER SYSTEM** :

Share Transfers are registered and returned/Demat confirmed within 30 days from the date of receipt, if the documents are in order in all respects. The share transfer committee of the Board of Directors of the Company meets frequently to approve the transfer of shares.

**(h) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2010**

No. of Shares held	FOLIOS Numbers	%	SHARES Numbers
Upto 1000	4,964	80.17	486921
1001-2000	565	9.12	111762
2001-3000	153	2.47	44506
3001-4000	76	1.23	29682
4001-5000	218	3.52	108821
5001-10000	110	1.78	85652

10001-	20000	49	0.79	73549
20001-	30000	13	0.21	32107
30001-	40000	7	0.11	26600
40001-	50000	9	0.15	40727
50001-	100000	8	0.13	58000
100001	and above	20	0.32	2501073
		6192	100.00	3599400

**(i) SHAREHOLDING PATTERN AS ON 31-03-2010**

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1.	Promoters	806225	22.40
2.	Private Corporate Bodies	254248	7.06
3.	Indian Public	1812632	50.36
4.	NRI/OCBs	726295	20.18
		3599400	100.00

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

2017724 shares were dematerialized till 31-03-2010 which is 56.06% of the total paid up equity share capital of the Company. Trading in shares of the Company is permitted in dematerialized form only.

**(k) STOCK MARKET DATA**

Table 1 gives the monthly high and low quotations as well the volume of shares traded at Bombay Stock Exchange during 2009-10.

**Table 1 : Monthly highs and lows and volumes traded at the BSE, 2009-10**

Year	High	Low	Close	P/E High	P/E Low	P/E Close	Mkt Cap.
Mar 2010	42.80	35.05	38.50	124.05	88.38	106.62	13.86
Feb 2010	44.40	31.15	36.75	141.76	80.78	101.77	13.23
Jan 2010	41.10	30.40	36.00	130.52	71.06	99.69	12.96
Dec 2009	40.75	30.55	34.75	136.45	76.93	96.23	12.51
Nov 2009	41.65	29.10	34.25	137.22	80.62	94.85	12.33
Oct 2009	46.00	31.25	34.15	144.68	86.54	94.54	12.29
Sep 2009	40.95	31.55	38.25	121.39	81.09	105.92	13.77
Aug 2009	41.25	32.55	40.35	118.10	82.90	111.77	14.53
Jul 2009	34.00	25.40	34.00	94.15	64.59	94.15	12.24
Jun 2009	46.00	31.80	34.90	136.91	80.72	96.62	12.56
May 2009	51.00	39.05	41.55	141.23	102.76	115.08	14.96
Apr 2009	38.35	24.25	38.05	112.38	61.34	105.38	13.70

**(l) PLANT LOCATION**

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

**(m) ADDRESS OF CORRESPONDENCE :**

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

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

In accordance with Clause 49 (l) (D) of the Listing Agreement, I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct applicable to all the Directors and Senior Management, for the year ended March 31, 2010.

Place : Pithampur  
Dated : 15th July, 2010

For and on behalf of the Board  
**(ATUL KUMAR SETHI)**  
(Managing Director)

**CERTIFICATE CLAUSE 49 OF THE LISTINGS AGREEMENT**

To,  
The Board of Directors,  
**Shree Pacetronix Ltd.**  
Pithampur  
Dear Sirs,

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31st March 2010 and that to the best of their knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further certify that, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee that there is
- (i) No significant change in internal control over financial reporting during the year
- (ii) No significant change in accounting policies during the year under review and
- (iii) No instance of any fraud in the company in which the management has any role.

For and on behalf of the Board

**(ATUL KUMAR SETHI)**  
(Managing Director)

Place : Pithampur  
Dated : 15th July, 2010

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of the conditions of Corporate Governance by Shree Pacetronix Limited for the year ended 31st March 2010, as stipulated in clause 49 of the listing Agreement of the said Company with Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our Examination was limited to review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

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

PLACE : Pithampur  
DATE : 15th July, 2010

### **Auditors' Report on Consolidated Financial Statements**

To,  
The Board of Directors of  
**Shree Pacetronix Ltd.**

We have audited the attached Consolidated Balance Sheet of Shree Pacetronix Limited and its Subsidiary at 31st March 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Shree Pacetronix Limited Management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

We have audited the financial statements of a subsidiary viz. Shree Coratomic Limited. The attached consolidated financial statements include net assets of Rs. 109.00 Lacs as at 31st March 2010 and revenue of Rs. 72.15 Lacs and net cash flows amounts to Rs. 4.03 Lacs for the year then ended. We report that the consolidated financial statements have been prepared by Shree Pacetronix Limited's management in accordance with the requirements of Accounting standard 21 - "Consolidated Financial Statements," notified by the companies (Accounting Standards) Rules, 2006.

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

- a) in case of the consolidated balance sheet, of the state of affairs of Shree Pacetronix Limited and its subsidiary as at 31st March, 2010; and
- b) in case of the consolidated profit and loss account, of the profits for the year ended on that date and
- c) in case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

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

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

PLACE : Pithampur  
DATE : 15<sup>th</sup> July, 2010



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE No.	AS AT 31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b>SOURCES OF FUNDS</b>			
A	SHARE HOLDERS' FUNDS		
	Share Capital	A 35994000	35994000
	Reserves & Surplus	B 16987398	15876141
		52981398	51870141
B	LOAN FUNDS		
	Secured Loans	C 31663287	18876003
	Unsecured Loans	D 1708279	1502618
		33371566	20378621
C	MINORITY INTEREST	6398	6797
D	DEFERRED TAX LIABILITIES (NET)	801026	1133572
		<b>87160388</b>	<b>73389131</b>
<b>APPLICATION OF FUNDS</b>			
A	FIXED ASSETS	E	
	Gross Block	85311758	74410736
	Less: Depreciation and Amortization	39311652	35808761
	Net Block	46000106	38601976
B	CURRENT ASSETS, LOANS & ADVANCES		
	Inventories	F 18804690	20736227
	Sundry Debtors	G 17448562	11215327
	Cash & Bank Balances	H 7077986	6470212
	Loans & Advances	I 6902368	6907687
		50233606	45329453
	Less: Current Liabilities & Provisions	J 9073324	10547858
		41160282	34781595
C	MISCELLANEOUS EXPENDITURE		
	Preliminary Expenses	---	5560
		<b>87160388</b>	<b>73389131</b>
	NOTES ON ACCOUNTS	U	

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

(S. R. Naredi)  
Proprietor

PLACE : Pithampur  
DATE : 15<sup>th</sup> July, 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2010 Rs.	Year Ended 31.03.2009 Rs.
<b>INCOME</b>			
Sales	K	60953696	57665436
Other Income	L	1124146	1473557
Increase (+) / Decrease (-) in Stock	M	-622277	2772766
		<b>61455565</b>	<b>61911759</b>
<b>EXPENDITURE</b>			
Material Cost	N	20096720	19324823
Manufacturing Expenses	O	2923532	3446764
Employees Remuneration & Benefits	P	15150758	14183428
Administrative Expenses	Q	7797249	8366211
Selling & Distribution Expenses	R	5583996	6875669
Interest	S	3263455	2334024
Depreciation and Amortization		4721420	4897419
Preliminary Expenses W/off		5560	5560
		<b>59542690</b>	<b>59433898</b>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		1912875	2477861
Less: Provision for Taxation			
Income Tax		964020	545878
Fringe Benefit Tax		170543	359790
Deferred Tax		-332546	-14314
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<b>1110858</b>	<b>1586508</b>
Less : Minority Interest		-399	-265
Balance brought forward from last year		9703033	8123200
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>10814290</b>	<b>9709973</b>
Appropriation :			
Dividend		-	-
Tax for proposed Dividend		-	6940
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>10814290</b>	<b>9703033</b>
NOTES ON ACCOUNTS	T		
Weighted Average Number of Equity Shares		3599400	3599400
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		<b>0.31</b>	<b>0.44</b>

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

**(S. R. Naredi)**  
Proprietor

PLACE : Pithampur  
DATE : 15<sup>th</sup> July, 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 31<sup>ST</sup> MARCH 2010**

**SCHEDULE : U : NOTES ON ACCOUNTS**

## 1. Significant Accounting Policies :

**A. Basis of preparation of consolidated financial statements :**

The consolidated financial statements has been prepared and presented in accordance with the Indian Generally Accepted Accounting Principle ('GAAP') under the historical cost convention on the actual basis. GAAP comprises accounting standards notified by the Central Government of India, under section 211 (3C) of the Companies Act, 1956, other pronouncements of institute of Chartered Accountants of India., the provisions of Companies Act, 1956 and guidelines by Securities and Exchange Board of India.

**B. Use of Estimates :**

The preparation of consolidated financial statements in conformity with GAAP required management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current & future periods.

**C. Principle of consolidation :**

(i) The financial statements of the parent company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profit/loss on intra-group transactions, as per Accounting Standard 21-Consolidated Financial Statements.

(ii) The financial statements of the parent company and its subsidiary have been consolidated using uniform accounting policies for like transactions and other event in similar circumstances.

(iii) The financial statements of the subsidiary used in the consolidated are drawn up to the same reporting date as that of the company i.e. 31st March.

(iv) The excess / deficit of cost to the parent company of its investment in subsidiary company over its share of equity at the date on which the investment in subsidiary was made, is recognized as 'Goodwill / Capital Reserve' in the consolidated financial statements.

(v) Minority interest in the net asset of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by the parent company in the subsidiary and further movements in their share in the equity subsequent to the date of investment.

**D. Fixed Assets :**

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

**E. Depreciation/Amortisation :**

(i) Depreciation on fixed assets are provided on W D V Method at the rates and in the manner as prescribed in schedule XIV of the Companies Act, 1956.

(ii) Depreciation on fixed assets added/discharged off during the year is provided on pro-rata basis from the month of addition or upto the month of disposal, as applicable.

**F. Intangible assets :**

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

**G. Inventories :**

Inventory is measured at lower of cost or net realizable value after providing for obsolescence, if any. Accordingly, the valuation criteria for inventory valuation during the year are as follows:

(i) Raw Materials : At cost or net realizable value whichever is lower

(ii) Finished Goods : At cost or net realizable value whichever is lower

(iii) Stock in Process : At cost including related Overheads or net realizable value whichever is lower.

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

**H. Borrowing Cost :**

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

**I. Revenue Recognition / Sales :**

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

**J. Foreign Currency Transaction :**

a) Transaction denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.

b) Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date.

c) Non-monetary foreign currency assets and liabilities measured at historical cost are translated at exchange rate prevalent at date of transaction.

d) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account.

**K. Employees Benefits :**

- 1) Short term employees contributions like Provident Fund, Employees State Insurance Scheme are charged off at the undiscounted amount in the year in which the related services are rendered.
- 2) Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of Rs 23.81 Lacs remains outstanding which is computed based on Projected Unit Credit Method and company made provision of Rs 11.39 Lacs during the year.

**L. Taxation :**

Provision for current tax has been made on the basis of estimated taxable income for the current year and in accordance with the provisions as per Income Tax Act 1961. The deferred tax resulting from the timing difference between the accounting and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of timing difference are recognized and carried forward to the extent there is virtual certainty that these would be realized in future.

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

Provisions involving substantial degree of estimation in measurement that can be reliably ascertained, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, when no reliable estimate is made or when there is present or past obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of net selling price or value in use. Management reviews the carrying cost of the assets at the end of each balance sheet date and is of the view that the recoverable value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

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

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

3. Significant accounting policies and notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated position of the company. Recognizing this purpose, the company has disclosed only such policies and notes from the individual financial statements, which fairly present the needed disclosures. Practical considerations and lack of homogeneity made it desirable to exclude some of them which, in the opinion of the management, could be better viewed, when referred from the individual financial statements.
4. Consolidated financial statement have been prepared substantially in the same format as adopted by the parent to the extent possible and in accordance with Accounting Standard (AS) –21 "Consolidated Financial Statements" .

**5. Segment Reporting :****A. PRIMARY SEGMENTS**

As the company's business activity falls with in a single primary business segment i.e. "Life saving devices", hence there is no primary segments wise information to report as per Accounting standard - 17 "Segment Reporting".

**B. SECONDARY SEGMENTS**

Particulars	India	Rest of The world	Total
1. Segment Revenue	56814019 (52361219)	5263823 (6777774)	62077842 (59138993)
2. Carrying cost of Segment assets	88150466 (80664568)	8083246 (3272421)	96233712 (83936989)
3. Addition to Fixed Assets	10901022 (7744475)	Nil (Nil)	10901022 (7744475)

(Previous year figures are in brackets)

**6. Related Party disclosures :**

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

## I. Relationship

a. **Holding /Subsidiary Company**

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

b. **Key Management Personnel**

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

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

NIL

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

Smt. Heera Sethi, Shri Ashish Sethi, Shri Akash Sethi

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

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

Nature of Transactions	Related Parties			
	Referred in I (a) above	Referred in I (b) above	Referred in I (c) above	Referred in I (d) above
1. Rent	Nil (Nil)	420000 (370000)	Nil (Nil)	420000 (420000)
2. Remuneration	Nil (Nil)	3288000 (3551884)	Nil (Nil)	160000 (123500)
3. Sale of Fixed Assets	Nil (NIL)	Nil (1200000)	Nil (Nil)	NIL (Nil)

(Previous year figures are in brackets)

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

Particulars	AsAt 31.03.2010	AsAt 31.03.2009
(i) Deferred Tax Liabilities On account Depreciation	2589847	2255651
(ii) Deferred Tax Assets on account of Accrued Expenses deductible on payment basis	735813	383892
(iii) Deferred Tax Assets on account of losses	1053006	738187
Net Deferred Tax Liabilities	801026	1133572

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

I. Guarantees given by bank - Rs. 65.60 Lacs (Previous Year Rs. 65.60 Lacs)

II. The disputed demand on Income Tax - Rs. 19.19 Lacs. (Previous Year Rs. 19.19 Lacs)

**9. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) NIL (Previous Year Rs. 122.67 Lacs)**

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

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

**12. The figures have been rounded off to the nearest rupee.**

As per our report of even date attached

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

Chartered Accountants

**(S. R. Naredi)**

Proprietor

PLACE : Pithampur

DATE : 15<sup>th</sup> July, 2010

**For and on behalf of Board of Directors**

**ATUL KUMAR SETHI**

Managing Director

**AMITA SETHI**

Whole time Director

**SUSHIL PATNI**

Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	2009-10	(Rs. in lacs) 2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items as per profit & loss account	19.13	24.78
Add(+)/Deduct(-)		
Depreciation	47.21	48.97
Interest Income	-4.24	-3.50
Preliminary Expenses W/off	0.06	0.05
Profit on sale of assets	-2.49	-9.31
Interest	32.63	23.34
	<u>73.17</u>	<u>59.55</u>
	<u>92.30</u>	<u>84.33</u>
Operating Cash Profit before working capital changes		
Add(+)/Deduct(-)		
Trade & other Receivable	-71.59	-7.53
Inventories	19.32	-43.75
Trade Payable & other liabilities	-14.76	27.04
	<u>-67.03</u>	<u>-24.24</u>
	<u>25.27</u>	<u>60.09</u>
Cash Generation from Operations		
Deduct (-) Direct Taxes Paid	-2.02	-11.01
	<u>-2.02</u>	<u>-11.01</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>23.25</u>	<u>49.08</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / outflow (-)		
Sale of Fixed assets	5.26	26.00
Purchase of Assets	-123.97	-102.57
Interest Recd	4.24	3.50
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>-114.47</u>	<u>-73.07</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / outflow (-)		
Proceeds from Long Term Borrowings (Net)	96.67	17.44
Proceeds from Short Term Borrowings (Net)	33.26	50.78
Dividend Paid	--	-0.28
Interest Paid	-32.63	-23.34
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>97.30</u>	<u>44.60</u>
<b>NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u>6.08</u>	<u>20.61</u>
<b>ADD: BALANCE AT THE BEGINING OF THE YEAR</b>	<u>64.70</u>	<u>44.09</u>
<b>CASH/CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>70.78</u>	<u>64.70</u>

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

**(S. R. Naredi)**  
Proprietor

PLACE : Pithampur  
DATE : 15<sup>th</sup> July, 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## AUDITORS' REPORT

To

The Members of,

**Shree Pacetronix Limited**

1. We have audited the attached Balance sheet of **Shree Pacetronix Limited**, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) in our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) on the basis of written representations received from the directors as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010; and
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and,
    - c) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

**For: S.R.Naredi & Co.**  
Chartered Accountants  
(S. R. Naredi)

**ANNEXURE TO THE AUDITORS' REPORT****ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 OF SHREE PACETRONIX LIMITED.**

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

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

- b. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control systems of the Companies.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public within the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix) a. According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b. According to the information and explanation given to us, no undisputed amounts payable in respect of the statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable, except share application money of Rs. 34191/- remaining to be transferred to Investor Education and Protection Fund.
- c. On the basis of our examination of the documents and records, and the information and explanations given to us, the dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute pending are given below:-

Sr. No.	Nature of Dues	Forum where dispute pending	Amount (Rs. in Lacs)	Period (Assessment Year)
1	Income Tax	Tribunal	1.35	2003-04
2	Income Tax	Tribunal	1.45	2004-05
3	Income Tax	Tribunal	16.39	2006-07

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or from debentures holders.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to information given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term application.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) As the Company has not issued any debentures. Accordingly the provisions of clause (xix) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no material fraud on or by the Company has been noticed or reported during the year.

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

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010



## BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE No.	AS AT	
		31.03.2010 Rs.	AS AT 31.03.2009 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
A SHARE HOLDERS' FUNDS			
Share Capital	A	35994000	35994000
Reserves & Surplus	B	<u>17675146</u>	<u>16107418</u>
		53669146	52101418
B LOAN FUNDS			
Secured Loans	C	31663287	18876003
Unsecured Loans	D	<u>1150188</u>	<u>747331</u>
		32813475	19623334
C DEFERRED TAX LIABILITIES (NET) (Refer Note 9)		<u>1105667</u> <b><u>87588288</u></b>	<u>1271173</u> <b><u>72995925</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
A FIXED ASSETS	E		
Gross Block		76621970	65720948
Less: Depreciation and Amortisation		<u>37100744</u>	<u>34460876</u>
Net Block		39521226	31260072
B INVESTMENTS	F	8000000	8000000
C CURRENT ASSETS, LOANS & ADVANCES			
Inventories	G	18804690	20736226
Sundry Debtors	H	17787068	11187820
Cash & Bank Balances	I	6085053	5880481
Loans & Advances	J	<u>6433413</u>	<u>6429836</u>
		49110224	44234363
Less: Current Liabilities & Provisions	K	<u>9043162</u>	<u>10498510</u>
		40067062	33735853
		<b><u>87588288</u></b>	<b><u>72995925</u></b>
NOTES ON ACCOUNTS	U		

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

**(S. R. Naredi)**  
Proprietor

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Sales	L	59550725	56729896
Other Income	M	1117146	1466407
Increase (+) / Decrease (-) in Stock	N	-622276	2772765
		<u>60045595</u>	<u>60969069</u>
<b>EXPENDITURE</b>			
Material Cost	O	20057800	19291243
Manufacturing Expenses	P	2923532	3446764
Employees Remuneration & Benefits	Q	15075894	14109576
Administrative Expenses	R	7575508	8155849
Selling & Distribution Expenses	S	4893201	6424919
Interest	T	3207811	2312716
Depreciation and Amortisation		3858396	4039640
		<u>57592142</u>	<u>57780707</u>
<b>PROFIT FOR THE YEAR BEFORE TAX</b>		2453453	3188362
Less: Provision for Taxation			
Income Tax		964020	544320
Fringe Benefit Tax		87212	335100
Add(-) Deferred Tax		-165507	419260
<b>PROFIT FOR THE YEAR AFTER TAX</b>		<u>1567728</u>	<u>1889683</u>
Balance brought forward from last year		9934310	8051567
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<u>11502038</u>	<u>9941250</u>
Appropriation :			
Tax for proposed Dividend		---	6940
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>11502038</u>	<u>9934310</u>
<b>NOTES ON ACCOUNTS</b>	U		
Weighted Average Number of Equity Shares		3599400	3599400
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		0.44	0.52

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

**(S. R. Naredi)**  
Proprietor

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

**For and on behalf of Board of Directors**

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	<u>31.03.2010</u>	<u>31.03.2009</u>
<b><u>SCHEDULE : A : SHARE CAPITAL</u></b>		
<b><u>AUTHORISED</u></b>		
50,00,000 Equity Shares of Rs. 10/- each (Previous Year 50,00,000 Equity shares of Rs. 10/- each)	50000000	50000000
<b><u>ISSUED, SUBSCRIBED AND PAID UP</u></b>		
3599400 Equity Shares of Rs. 10/- fully paid up (Previous Year 3599400 Equity shares of Rs.10/-fully paid up)	35994000	35994000
<b>TOTAL</b>	<b><u>35994000</u></b>	<b><u>35994000</u></b>
<b><u>SCHEDULE : B : RESERVES &amp; SURPLUS</u></b>		
<b><u>CAPITAL RESERVE</u></b>		
Capital Subsidy	1500000	1500000
Securities Premium	4673108	4673108
Surplus as per Profit & Loss Account Annexed	11502038	9934310
<b>TOTAL</b>	<b><u>17675146</u></b>	<b><u>16107418</u></b>
<b><u>SCHEDULE : C : SECURED LOANS</u></b>		
<b>A. TERM LOAN</b>		
ICICI Bank Car Loan (Refer Note 3(i))	267994	71939
HDFC Bank Car loan (REfer Note 3(ii))	1123338	
Bank of India (Refer Note 3(iii))	10532533	2184927
<b>B. WORKING CAPITAL LOAN</b>		
Bank of India - Cash Credit (Refer Note 3(iv))	19739422	16619137
<b>TOTAL</b>	<b><u>31663287</u></b>	<b><u>18876003</u></b>
<b><u>SCHEDULE : D : UNSECURED LOANS</u></b>		
ICICI Bank Ltd, Indore	1150188	747331
<b>TOTAL</b>	<b><u>1150188</u></b>	<b><u>747331</u></b>
<b><u>SCHEDULE : F : INVESTMENTS (AT COST)</u></b>		
<b><u>I. Long Term Investments</u></b>		
<b>a. Investment in shares of Subsidiary Company (unquoted)</b>		
8,00,000 fully paid-up equity shares of Rs.10/- each of Shree Coratomic Ltd	8000000	8000000
<b>TOTAL</b>	<b><u>8000000</u></b>	<b><u>8000000</u></b>
<b><u>SCHEDULE : G : INVENTORIES</u></b>		
Raw Materials	9673993	10983253
Stock In Process	2442880	1976249
Finished Goods	6254843	7354620
Traded Goods	432974	422104
<b>TOTAL</b>	<b><u>18804690</u></b>	<b><u>20736226</u></b>
<b><u>SCHEDULE : H : SUNDRY DEBTORS</u></b>		
<b>(Unsecured, considered good)</b>		
Exceeding Six Months	1602278	1700196
Others	16184790	9487624
<b>TOTAL</b>	<b><u>17787068</u></b>	<b><u>11187820</u></b>
<b><u>SCHEDULE : I : CASH &amp; BANK BALANCES</u></b>		
Cash in Hand	353594	729882
Balance with Banks		
In Current Accounts	--	18708
In Fixed Deposits Accounts	4590996	4390996
Accrued Interest on FDR	689574	290006
Bank of India - Dividend Account	450889	450889
<b>TOTAL</b>	<b><u>6085053</u></b>	<b><u>5880481</u></b>

## SCHEDULE : E : FIXED ASSETS

Particulars	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK			
	As on 31.03.2009	Additions	Deductions	As on 31.03.2010	Up to 31.03.2009	For the Year	Written Back	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
<b>A. FIXED ASSETS</b>										
LEASE HOLD LAND	193350	---	---	193350	---	--	--	---	193350	193350
BUILDINGS	9850611	--	---	9850611	4779710	507090	--	5286800	4563811	5070901
PLANT & MACHINERIES	31269339	1211284	---	32480623	19302628	1797543	--	21100171	11380452	11966711
FURNITURE & FIXTURES	3246032	30937	---	3276969	2238577	186549	--	2425126	851843	1007455
VEHICLES	5110079	2386606	1495885	6000800	4047478	306648	1218528	3135598	2865202	1062601
OFFICE EQUIPMENTS	1155456	---	---	1155456	664755	68257	--	733012	422444	490701
COMPUTERS	2592354	57345	---	2649699	2032792	235715	--	2268507	381192	559562
INTANGIBLE ASSETS	7565940	---	---	7565940	1149544	756594	--	1906138	5659802	6416396
TEMPORARY SHED	245392	---	---	245392	245392	--	--	245392	---	---
<b>B. CAPITAL WORK IN PROGRESS</b>	4492395	12103130	3392395	13203130	---	---	--	---	13203130	4492395
<b>TOTAL</b>	<b>65720948</b>	<b>15789302</b>	<b>4888280</b>	<b>76621970</b>	<b>34460876</b>	<b>3858396</b>	<b>1218528</b>	<b>37100744</b>	<b>39521226</b>	<b>31260072</b>
<b>PREVIOUS YEAR</b>	<b>58099376</b>	<b>10995291</b>	<b>3373719</b>	<b>65720948</b>	<b>31264430</b>	<b>4039640</b>	<b>843194</b>	<b>34460876</b>	<b>31260072</b>	<b>26834946</b>

## SCHEDULES TO THE ACCOUNTS

	<u>31.03.2010</u>	<u>31.03.2009</u>
<b><u>SCHEDULE : J : LOANS &amp; ADVANCES</u></b>		
(Unsecured, Considered good)		
Advance recoverable in cash or in kind or for value to be received	6433413	5579564
Advance Payment of Tax	---	800000
Advance Payment of Fringe Benefit Tax	---	50272
<b>TOTAL</b>	<b><u>6433413</u></b>	<b><u>6429836</u></b>
<b><u>SCHEDULE : K : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
(A) CURRENT LIABILITIES		
Sundry Creditors (Refer Note 4)		
Due to micro, small and medium enterprises	2738	160000
Other creditors	5272662	7736213
Unclaimed Dividend	450889	450889
(B) PROVISIONS		
Provision for Taxation	935600	573940
Provision for Fringe Benefit Tax	---	335100
Provision for Gratuity	2381273	1242368
<b>TOTAL</b>	<b><u>9043162</u></b>	<b><u>10498510</u></b>
<b><u>SCHEDULE : L : SALES</u></b>		
Sales	59550725	56729896
Add. : Vat on Sales	2426882	2193908
	61977607	58923804
Less: VAT / Sales Tax Paid	2302383	2096261
VAT on Purchase	124499	97647
<b>TOTAL</b>	<b><u>59550725</u></b>	<b><u>56729896</u></b>
<b><u>SCHEDULE : M : OTHER INCOME</u></b>		
Interest Received from bank & other (TDS Rs. 40025/- (Previous Rs.39660/-)	416593	343321
Foreign exchange fluctuations	415282	118425
Profit on Sale of Fixed Assets	248823	930972
Refund of Entry Tax	--	52139
Other Income	36448	21550
<b>TOTAL</b>	<b><u>1117146</u></b>	<b><u>1466407</u></b>
<b><u>SCHEDULE : N : INCREASE (+)/DECREASE (-) IN STOCK</u></b>		
Opening Stock		
Finished Goods	7354620	3701920
Stock in Process	1976249	2349234
Traded Goods	422104	929054
<b>TOTAL</b>	<b><u>9752973</u></b>	<b><u>6980208</u></b>
Closing Stock		
Finished Goods	6254843	7354620
Stock in Process	2442880	1976249
Traded Goods	432974	422104
<b>TOTAL</b>	<b><u>9130697</u></b>	<b><u>9752973</u></b>
INCREASE(+)/DECREASE(-) IN STOCK	-622276	2772765
<b><u>SCHEDULE : O : MATERIAL COST</u></b>		
<b>(i) Raw Materials Consumed</b>		
Opening Stock	10983253	9381239
Add : Purchases	18382099	20893257
	29365352	30274496
Less: Closing Stock	9673993	10983253
Raw Materials Consumed	19691359	19291243
<b>(ii) Traded Goods</b>		
Purchases	366441	---
<b>TOTAL(I+ii)</b>	<b><u>20057800</u></b>	<b><u>19291243</u></b>
<b><u>SCHEDULE : P : MANUFACTURING EXPENSES</u></b>		
Consumables, Stores & Spares	72894	143823
Power & Fuel Expenses	728790	742391
Water Charges	21958	31318

## SCHEDULES TO THE ACCOUNTS

	<u>31.03.2010</u>	<u>31.03.2009</u>
Repairs to Plant & Machinery	154999	381361
Laboratory Expenses	155299	89231
Repair & Maintenance	248914	310942
Job Work & Labour Charges	433507	724394
Entry Tax	215390	247032
Freight Inward	178507	93798
Repairs to Buildings	240429	157404
Lease Rent & Development Charges	14407	21929
Insurance	49976	87480
Fees for Technical Services	408462	---
Certification Charges	---	415661
<b>TOTAL</b>	<b><u>2923532</u></b>	<b><u>3446764</u></b>
<b><u>SCHEDULE : Q : EMPLOYEES REMUNERATION. &amp; BENEFITS</u></b>		
Salaries, Wages, Bonus etc (Refer Note 12)	14464657	13579903
Staff Welfare Expenses	153876	85072
Contribution to Provident and other funds	457361	444601
<b>TOTAL</b>	<b><u>15075894</u></b>	<b><u>14109576</u></b>
<b><u>SCHEDULE : R : ADMINISTRATIVE EXPENSES</u></b>		
Travelling Expenses	3053207	2725108
Telephone & Fax Charges	284397	434335
Legal & Professional Charges	849382	1017183
Conveyance	95142	481361
Misc. Expenses	325389	459621
Courier & Postage Charges	57473	140263
Rent	892842	797200
Rates & Taxes	11547	324398
Printing & Stationery	366408	556715
Vehicles Running & Maintenance Exp	550227	521375
Auditors Remuneration	202500	138250
Bank Charges	489021	560040
Vat & Sales Tax	397973	--
<b>TOTAL</b>	<b><u>7575508</u></b>	<b><u>8155849</u></b>
<b><u>SCHEDULE : S : SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Packing Material	125773	427489
Advertisement Expenses	85762	71537
Selling & Business Promotion Expenses	1768883	2065314
Commission	626380	441860
Conference Expenses	151700	862496
Implantation Charges	1406823	1379719
I S O Expenses	198432	158372
Royalty	241088	567662
Freight Outward	288360	285470
Incentives	--	165000
<b>TOTAL</b>	<b><u>4893201</u></b>	<b><u>6424919</u></b>
<b><u>SCHEDULE : T : INTEREST</u></b>		
Interest on Term Loan	193637	207356
Interest on TDS	12798	---
Interest-others	300376	2105360
<b>TOTAL</b>	<b><u>3207811</u></b>	<b><u>2312716</u></b>

As per our report of even date attached  
For **S. R. NAREDI & CO.**  
Chartered Accountants  
**(S. R. Naredi)**  
Proprietor  
PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

**SCHEDULE :U: NOTES ON ACCOUNTS**

Annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2010

**1. Significant Accounting Policies :****A. Method of Accounting :**

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

**B. Use of Estimates :**

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

**C. Fixed Assets :**

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

**D. Depreciation/Amortization :**

(i) Depreciation on fixed assets are provided on W D V Method at the rates and in the manner as prescribed in schedule XIV of the Companies Act, 1956.

(ii) Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis from the month of addition or up to the month of disposal, as applicable.

**E. Intangible assets**

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any. Technical know-how has been amortized over the period of ten years. Amortization is done on straight line basis.

**F. Inventories :**

Inventory is measured at lower of cost or net realizable value after providing for obsolescence, if any. Accordingly, the valuation criteria for inventory valuation during the year are as follows:

(i) Raw Materials : At cost or net realizable value whichever is lower

(ii) Finished Goods : At cost or net realizable value whichever is lower

(iii) Stock in Process : At cost including related overheads or net realizable value whichever is lower.

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

**G. Investments :**

Investments are either classified as long term or short term based on Management's intention at the time of purchase. Long Term Investments are stated at cost.

**H. Borrowing Cost :**

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

**I. Revenue Recognition / Sales :**

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

**J. Foreign Currency Transaction :**

1) Transactions denominated in foreign currency are normally recorded at the exchange rates prevailing on the date of transaction.

2) Foreign currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date.

3) Non-monetary foreign currency assets and liabilities measured at historical cost are translated at exchange rate prevalent at date of transaction.

4) Any income or expenses on account of exchange difference on translation is recognized in the profit and loss account.

**K. Employees benefits :**

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

2) Post employment and other long term employee benefits like gratuity is provided on actuarial valuation at the end of the year and charged to Profit and Loss account. Accordingly, Group Gratuity Scheme from Life Insurance Corporation under which Gratuity liability of Rs 23.81 Lacs remains outstanding which is computed based on Projected Unit Credit Method and company made provision of Rs 11.39 Lacs during the year.

**L. Taxation :**

Provision for current tax has been made on the basis of estimated taxable income for the current year and in accordance with the provisions as per Income Tax Act 1961. The deferred tax resulting from timing difference between the accounting and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of timing difference are recognized and carried forward to the extent there is virtual certainty that these would be realized in future.

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

Provisions involving substantial degree of estimation in measurement that can be reliably ascertained, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, when no reliable estimate is made or when there is present or past obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

**N. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of net selling price or value in use. Management reviews the carrying cost of the assets at the end of each balance sheet date and is of the view that the recoverable value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

**O Earning Per Share :**

Basic earning per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity share.

Particulars	2010	2009
Net Profit for the year after tax	1567728	1889683
Amount Available to Equity Shareholders	1567728	1889683
Weighted Average no. of shares	3599400	3599400
Earning per share-Basic & Diluted	0.44	0.52
Face value per equity share	10	10

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

3. Security of Loans

(i) Term loan from ICICI bank is secured by hypothecation of car.

(ii) Term loan from HDFC bank is secured by hypothecation of car.

(iii) Term loan from Bank of India is secured by hypothecation of Plant and Machinery. It is further secured by First Charge over fixed assets of the company and personal guarantee of Managing Director, Shri Atul Kumar Sethi and Whole Time Director, Mrs Amita Sethi.

(iv) **Cash Credit.**

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

4 The principal amount paid and that remaining unpaid as at 31 March 2010 in respect of enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 are Rs 7.71 Lacs (Previous Year Rs. 11.88 Lacs) and Rs 0.03 Lacs (Previous Year Rs.1.60 Lacs) respectively. No liability of interest arises. The disclosure is based on the information available with the company regarding the status of suppliers.

5 Sundry Debtors includes Rs. 23.35 lacs (Previous Year Rs.18.80 lacs) due from the subsidiary company Shree Coratomic Limited.

**6 Segment Reporting :****A. PRIMARY SEGMENTS**

As the company's business activity falls within a single primary business segment i.e. "Life saving devices" hence there is no primary segments wise information to report as per Accounting Standard -17 "Segment Reporting".

**B. SECONDARY SEGMENTS**

Particulars	India	Rest of The world	Total
1. Segment Revenue	55404048 (6777774)	(51418529) 60667871	5263823 (58196303)
2. Carrying cost of Segment assets	88548205 (3272421)	(80222014) 96631451	8083246 (83494435)
3. Addition to Fixed Assets	10901022 (Nil)	(7621572) 10901022	Nil (7621572)

(Previous year figures are in brackets)



7 **Related Party disclosures :**

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

I. Relationship	Name of the related party
a. Subsidiary Company	: Shree Coratomic Ltd.
b. Key Management Personnel	
Shri Atul Kumar Sethi	: Managing Director
Smt. Amita Sethi	: Whole time Director
Shri Sushil Patni	: Director
c. Other related parties where control exist	: N I L
d. Relatives of Key Management personnel and their enterprises where transactions have taken place	: Smt. Heera Sethi, Shri Ashish Sethi, Shri Akash Sethi

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

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

Nature of Transactions (excluding VAT)	Related Parties			
	Referred in I (a) Above	Referred in I (b) Above	Referred in I (c) Above	Referred in I (d) Above
1. Sale of Goods / Fixed Assets (excluding VAT)	5805115 (41208000)	Nil (1200000)	Nil (Nil)	(1200000) (Nil)
2. Incentive Paid	Nil (165000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3. Rent	Nil (Nil)	420000 (370000)	Nil (Nil)	420000 (420000)
4. Remuneration	Nil (Nil)	3288000 (3288000)	Nil (Nil)	(160000) (123500)
5. Receivable	2334953 (1879773)	(Nil) Nil	Nil (Nil)	Nil (Nil)

(Previous year figures are in brackets)

8. Payment to auditors' (Rs. in Lacs)		
(i) Audit Fees	0.51	0.36
(ii) For taxation matters	0.05	0.05
(iii) For other matters	1.47	0.98

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

Particulars	As At 31.03.2010	As At 31.03.2009
(i) Deferred Tax Liabilities On account Depreciation	1841480	1655065
(ii) Deferred Tax Assets on account of Accrued Expenses deductible on payment basis	735813	383892
Net Deferred Tax Liabilities	<b>1105667</b>	<b>1271173</b>

## 10. Quantitative &amp; Other information.

A. Licensed & Installed Capacity and Production	Licensed Capacity Per annum	Installed* Capacity per annum	Production Per annum
1. Pacemaker (in Nos)	4800 (4800)	4800 (4800)	2048 (2116)

(Previous year figures are in brackets)

- As Certified By the Management

	Quantity (in Nos.)		Value(Rs. in Lacs)	
	31.03.10	31.03.09	31.03.10	31.03.09
B. Opening Stock				
(a) Pacemaker	270	163	73.55	37.02
(b) Others	-	-	4.22	9.29
C. Purchases (Net) of Traded Goods				
(a) Pacemaker	-	-	-	-
(b) Others	-	-	3.66	-
D. Turnover of Goods produces / Purchased				
(a) Pacemaker	2107	2009	591.98	561.57
(b) Others	-	-	3.53	5.73
E. Closing Stock				
(a) Pacemaker	211	270	62.55	73.55
(b) Others	-	-	4.33	4.22
F. RAW MATERIALS CONSUMED:			196.92	192.91
G. Imported and Indigenous Consumption:				
Imported			161.44	160.77
(in %)			81.98%	83.34%
Indigenous			35.48	32.14
(in %)			18.02%	16.66%
H. C I F Value of Imports during the year				
Raw Materials.			136.27	161.00
Traded Goods			3.66	-
Fixed Assets			66.34	51.00
Intangible Assets			0	9.75
I. Expenditure in Foreign Currency (Subject to deduction of tax wherever applicable)				
Fees for Technical Services			4.08	-
Others			8.56	14.15
Royalty			2.41	5.68
J. Remittance in Foreign Currency On account of dividends			---	3.36
K. Earnings in Foreign Exchange.				
Export of Goods			52.64	67.78
11. Managerial Remuneration				
Managing Director and Whole time Director				
Salaries			30.00	30.00
Contribution to P.F.			2.88	2.88
12. Contingent liabilities not provided for in respect of :-				
a) Guarantee given by Banks			64.60	64.60
b) Disputed demands of Income-Tax			19.19	19.19
13. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).			122.67	-
14. Previous year figures have been regrouped/rearranged wherever necessary to make them comparable with current year.				
15. The figures have been rounded off to the nearest rupee.				

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

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

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

<b>1 Registration Details</b>	:		
Registration No.	:	04317 of 1988	
State Code	:	10	
Balance Sheet Date	:	31 <sup>st</sup> March, 2010	
<b>2 Capital raised during the year</b>			<b>(Rs. in Thousands)</b>
Public Issue	: NIL	Right Issue	: NIL
Bonus Issue	: NIL	Promoters & their Friends & Relatives	: NIL
<b>3 Position of Mobilisation and deployments of Funds.</b>			<b>(Rs. in Thousands)</b>
Total Liabilities	:		87588.288
Total Assets	:		87588.288
<b>SOURCES OF FUNDS</b>			
Paid-up Capital	:		35994.000
Reserves & Surplus	:		17675.146
Secured Loans	:		31663.287
Unsecured Loans	:		1150.188
Deferred Tax Liabilities (Net)	:		1105.667
<b>APPLICATION OF FUNDS</b>			
Net Fixed Assets	:		39521.226
Investment	:		8000.000
Net Current Assets	:		40067.062
Misc Expenditure	:		--
<b>4 Performance of Company :</b>			<b>(Rs. in Thousands)</b>
Turnover	:		60045.595
Total Expenditure	:		57592.142
Profit Before Tax	:		2453.453
Profit After Tax	:		1567.728
Earning Per Share (in Rs.)	:		0.44
Dividends Rate (in %)	:		-
<b>5 Generic Names of Three Principal Products/Services of Company</b>			
Item Code No. (ITC Code)	:		--
Product Description	:		Pacemaker

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

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

(Rs. in lacs)

	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items as per profit & loss account	31.88	31.88
Add(+)/Deduct(-)		
Depreciation	38.58	40.39
Interest Income	-4.17	-3.43
Profit on sale of assets	-2.49	-9.31
Interest	32.08	23.13
Operating Cash Profit before working capital changes	88.53	82.66
Add(+)/Deduct(-)		
Trade & other Receivable	-74.53	-0.97
Inventories	19.32	-43.75
Trade Payable & other liabilities	-14.82	27.08
Cash Generation from Operations	18.50	65.02
Deduct (-) Direct Taxes Paid	-1.74	-10.76
NET CASH FROM OPERATING ACTIVITIES	16.76	54.26
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / outflow (-)		
Sale of Fixed assets	5.26	26.00
Purchase of Assets	-123.97	-101.34
Interest Recd	4.17	3.43
NET CASH FROM INVESTING ACTIVITIES	-114.54	-71.91
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / outflow (-)		
Proceeds from Long Term Borrowings (Net)	96.67	17.44
Proceeds from Short Term Borrowings (Net)	35.23	43.22
Dividend Paid	---	-0.28
Interest Paid	-32.08	-23.13
NET CASH FROM FINANCING ACTIVITIES	99.82	37.25
NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)	2.04	19.60
ADD: BALANCE AT THE BEGINNING OF THE YEAR	58.81	39.21
CASH/CASH EQUIVALENTS AT END OF THE YEAR	60.85	58.81

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

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

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

Name of Subsidiary Company	:	SHREE CORATOMIC LIMITED
1. The Financial Year of the Subsidiary Company Ended on	:	31 <sup>st</sup> March 2010
2. Date from which they became subsidiary Company	:	04-01-1995
3. [a] Number of Shares Held by <b>M/s Shree Pacetronix Ltd</b> , with its nominees in the subsidiary at the end of the Financial year of the Subsidiary Company fully paid up.	:	8,00,000 Equity Shares of Rs10/- each
[b] Extent of interest of Holding Company at the end of the Financial Year of the Subsidiary Company	:	99.91%
4. The net aggregate amount of the subsidiary company's Profit / (Loss) so far as it concerns the members of the holding company and		
[a] Not dealt with in the Holding Company's accounts		
(i) For the Financial Year ended 31st March 2010	:	Rs. (-) 456869
(ii) For the previous financial year since it became subsidiary	:	Rs. (-) 231481
[b] Dealt with in Holding Company's accounts		
(i) For the Financial Year ended 31st March 2010	:	N I L
(ii) For the previous financial year since it became subsidiary	:	N I L
5. As the financial year of the above subsidiary company coincide with the financial year of the Holding Company, Section 212(5) of the Companies Act,1956 is not applicable		

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

PLACE : Pithampur  
DATE : 15<sup>th</sup> July 2010

**For and on behalf of Board of Directors**

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

## NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of the Company will be held on Wednesday, 29th September, 2010 at 11:00 a.m. at the Registered Office of the Company to transact the following Business:

### ORDINARY BUSINESS :

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2010 the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a Director, in place of Mr. Rajesh Bhale who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**ATUL KUMAR SETHI**  
CHAIRMAN

PLACE : Indore

DATE : 15th July, 2010

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING
2. The Members are requested to:
  - a. Intimate changes, if any, in their registered addresses immediately.
  - b. Quote their ledger folio number in all their correspondence.

## DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the Fifteenth Annual Report of your Company along with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### State of Company's Affairs :

#### A. FINANCIAL RESULTS

Particulars	(Amount in Thousand)	
	2009-2010	2008-2009
Total Sales	<b>7208.09</b>	<b>5056.34</b>
Profit before Depreciation & Interest	378.09	147.28
Less : Depreciation	863.02	857.78
Profit/Loss for the year before Tax	<b>(-) 540.58</b>	<b>(-) 710.50</b>
Less. : Provision for Taxation		
Current Tax	0.00	1.56
Fringe Benefit Tax	83.33	24.69
Deferred Tax	167.03	433.57
Net Profit/Loss for the year	<b>(-) 456.87</b>	<b>(-) 303.17</b>
Add : Balance Brought Forward	(-)231.48	71.69
Balance Carried to Balance sheet	(-) 688.35	(-) 231.48

#### B. Operational performance and Future Outlook

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

#### C. Dividend

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

#### Public Deposits :

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

#### Directorate :

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

#### Auditors :

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

#### Directors' Responsibility Statement :

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

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended March 31, 2010 and of the profit of the company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a going concern basis.

**Companies( Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.**

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo:

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

**Statutory Particulars :**

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

**Secretarial Compliance Certificate:**

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

**Acknowledgements:**

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

PLACE : Indore  
DATE : 15th July, 2010

For and on behalf of board of  
**SHREE CORATOMIC LIMITED**

**ATUL KUMAR SETHI**  
CHAIRMAN



**COMPLIANCE CERTIFICATE**

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

CIN of the Company – L33112MP1995PLC008917

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

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

To,

The Members,

**Shree Coratomic Limited**

Indore.

I have examined the registers, records, books and papers of Shree Coratomic Limited ("the Company") as required to be maintained under the Companies Act, 1956, ("the Act") and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its directors and officers, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a Public Limited Company, comments are not required.
4. The Board of Directors duly met Four times in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company being a closely held public limited company has opted not to close its Register of Member under the option given under Section 154 of the Act .
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 24th September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The Company has not held any Extra-ordinary General Meeting during the Financial under review
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into contracts in contravention of the provisions of section 297 of the Act.
10. The Company has complied with the provisions relating to register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. The Company has
  - i) Not required to deliver any certificate of securities on lodgment thereof any transfer/ transmission or any other purpose in accordance with the provision of the Act.
  - ii) Not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) Not posted warrants to any member of the Company as no dividend declared during the financial year.
  - iv) Was not required to transfer any amount to the Investor Education & Protection Fund as there was no amount due for transfer to the above said account relating to unpaid dividend, application money due for refund, matured deposits, matured debentures and interest accrued thereon as remain unpaid or unclaimed for a period of Seven years.
14. The Board of directors of the Company is duly constituted and there was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has not been required to obtain any approval of the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any Share/ Debenture/ other Securities during the financial year.
20. The Company has not bought back any shares during the financial year
21. The Company has no preference shares or debentures.
22. The Company has not declared dividend nor has issued any rights shares and bonus shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not borrowed any amount during the financial year ending 31st March 2009 and no resolution has been required to be passed under the provision of Section 293(1) (d) of the Act.
25. The Company has not made any loans and investment made or guarantee given or securities provide to other body corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provision of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company is not required to deposit contribution to Provident Fund hence; the provisions of Section 418 are not applicable.

PLACE : INDORE  
DATE : 15.07.2010

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

**Annexure A****Registers as maintained by the Company**

1. Register of Share Transfers
2. Register of Charges under Section 143.
3. Register of Members under Section 150.
4. Registers & Returns kept at the Registered Office viz Annual Returns under Section 163
5. Minutes Book of Board Meeting under Section 193.
6. Books of Accounts under Section 209
7. Register of Contracts under Section 301
8. Register of Directors, Managing Director, Managing and Secretary under Section 303
9. Register of Director's Shareholdings under Section 307
10. Register of Director Attendances.
11. Register of loans and Investments.

**Annexure B****Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2010.**

Sr. No.	Form No./Return	Filed under section	For	Date of filing	Whether filed within prescribed time (Yes/No)	If delay in filing whether requisite additional fees paid (Yes/No)
1.	Balance Sheet	Sec. 220	As on 31.03.2009	25.10.2009	No.	Yes
2.	Annual Return	Sec. 159	AGM held on 24.09.2009	25.10.2009	Yes	No.
3.	Compliance Certificate	Sec.383 A	For the Financial year ended 31.03.2009	25.10.2009	Yes	No.

PLACE : INDORE  
DATE : 15.07.2010

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

**AUDITORS' REPORT**

To  
The Members of  
**Shree Coratomic Limited**

1. We have audited the attached Balance sheet of **Shree Coratomic Ltd.**, as at 31st March 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (iv) in our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
    - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
    - c) in the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

**For and on behalf of Board of Directors**

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

PLACE : Indore  
DATE : 15<sup>th</sup> July 2010

**ANNEXURE TO THE AUDITORS' REPORT****ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 OF SHREE CORATOMIC LIMITED.**

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

- (i) In respect of its fixed assets:
  - a. The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the Management during the year in a phased periodical manner which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c. In our opinion, the Company has not disposed off any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) In respect of its inventories:
  - a. As explained to us, the inventory of the Company has been physically verified by the management at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are found reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and as explained to us there were no material discrepancies noticed on physical verification.
- (iii)
  - a. The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
  - b. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, no major weaknesses have been noticed in the internal control systems of the Company.
- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a. In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public with in the meaning of sections 58A, 58AA or any other relevant provisions of the Companies Act 1956 and the rules framed there under.
- (vii) In our opinion, the internal audit system of the Company commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
- (ix)
  - a. According to the information and explanation given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
  - b. According to the information and explanation given to us, no undisputed amounts payable in respect of the statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company were in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

- c. On the basis of our examination of the documents and records, and the information and explanations given to us, there is no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and cess that have not been deposited with the appropriate authorities on account of dispute.
- (x) The company has accumulated losses at the end of the financial year, but the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings from financial institutions or from debentures holders.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any Term loan therefore the provisions of clause (xvi) of paragraph 4 of the Companies (Auditors' report) order 2003 are not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term application.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) As the Company has not issued any debentures. Accordingly the provisions of clause (xix) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us and to the best of our knowledge and belief, no material fraud on or by the Company has been noticed or reported during the year.

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

PLACE : INDORE  
DATE : 15<sup>th</sup> July 2010

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

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE No.	AS AT	
		31.03.2010 Rs.	31.03.2009 Rs.
<b>SOURCES OF FUNDS</b>			
A SHARE HOLDERS' FUNDS			
Share Capital	A	8007000	8007000
Reserves and Surplus		---	---
		8007000	8078693
B LOAN FUNDS			
Secured Loans		---	---
Unsecured Loans	B	558091	755287
		558091	755287
		<b>8565091</b>	<b>8762287</b>
<b>APPLICATION OF FUNDS</b>			
A FIXED ASSETS	C		
Gross Block		8689787	8689787
Less: Depreciation/Amortisation		2210907	1347884
Net Block		6478880	7341903
B. DEFERRED TAX ASSETS (Refer Note 6)		304640	137601
C CURRENT ASSETS, LOANS & ADVANCES			
Inventories			
Sundry Debtors	D	1996448	1907280
Cash & Bank Balances	E	992932	589732
Loans & Advances	F	468955	477851
		3458335	2974863
Less: Current Liabilities & Provisions	G	2365114	1929121
		1093221	1045742
D MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		---	5560
E PROFIT & LOSS ACCOUNTS		688350	231481
		<b>8565091</b>	<b>8762287</b>
NOTES ON ACCOUNTS	O		

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

For and on behalf of Board of Directors

**(S. R. Naredi)**

Proprietor

PLACE : INDORE

DATE : 15<sup>th</sup> July 2010

**ATUL KUMAR SETHI**  
Director

**AMITA SETHI**  
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE No.	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>INCOME</b>			
Sales	H	7208086	5056340
Other Income	I	7000	172150
	<b>TOTAL</b>	<b>7215086</b>	<b>5228490</b>
<b>EXPENDITURE</b>			
Purchases	J	5844035	4154380
Employees Remuneration & Benefits	K	74864	73852
Administrative Expenses	L	221741	210362
Selling & Distribution Expenses	M	690795	615750
Interest	N	55644	21308
Depreciation & Amortisation		863023	857778
Preliminary Expenses W/off		5560	5558
	<b>TOTAL</b>	<b>7755663</b>	<b>5938990</b>
<b>PROFIT (+)/LOSS (-) FOR THE YEAR BEFORE TAX</b>		<b>-540577</b>	<b>-710500</b>
Less: Provision for Taxation			
Current Tax			
Fringe Benefit Tax		83331	24690
Add(+)/Less (-) Deferred Tax		167039	433574
<b>PROFIT (+)/LOSS (-) FOR THE YEAR AFTER TAX</b>		<b>-456869</b>	<b>-303174</b>
<b>BALANCE BROUGHT FORWARD FROM LAST YEAR</b>		<b>-231481</b>	<b>71693</b>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>-688350</b>	<b>-231481</b>
NOTES ON ACCOUNTS	O		
Weighted Average Number of Shares		800700	800700
Face Value per Equity Share		10	10
<b>BASIC &amp; DILUTED EARNINGS PER SHARE (EPS)</b>		<b>-0.57</b>	<b>-0.38</b>

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

For and on behalf of Board of Directors

**(S. R. Naredi)**  
Proprietor

PLACE : INDORE  
DATE : 15<sup>th</sup> July 2010

**ATUL KUMAR SETHI**  
Director

**AMITA SETHI**  
Director



## SCHEDULES TO THE ACCOUNTS

	31.03.2010 Rs.	31.03.2009 Rs.
<b>SCHEDULE : A : SHARE CAPITAL</b>		
AUTHORISED		
20,00,000 Equity Shares of Rs. 10/- each (Previous year 20,00,000 Equity shares of Rs. 10/- each)	20000000	20000000
ISSUED, SUBSCRIBED AND PAID-UP		
8,00,700 Equity Shares of Rs. 10/- (Previous Year 8,00,700 Equity shares of Rs.10/-each)	8007000	8007000
<b>TOTAL</b>	<b>8007000</b>	<b>8007000</b>
<b>SCHEDULE : B : UNSECURED LOANS</b>		
ICICIBank, Indore	558091	755287
<b>TOTAL</b>	<b>558091</b>	<b>755287</b>

**SCHEDULE : C : FIXED ASSETS**

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	AS AT 31.03.09	ADDITIONS	AS AT 31.03.10	UP TO 31.03.09	FOR THE YEAR	UP TO 31.03.10	AS AT 31.03.10	AS AT 31.03.09
COMPUTERS	449592	-	449592	325151	49777	374927	74665	124441
FURNITURE & FIXTURES	127254	-	127254	90388	6673	97061	30193	36865
OFFICE EQUIPMENTS	112941	-	112941	65678	6574	72252	40688	47262
INTANGIBLE ASSETS	8000000	-	8000000	866666	800000	1666666	6333334	7133334
TOTAL	8689787	-	8689787	1347884	863023	2210907	6478880	7341903
PREVIOUS YEAR	8566884	122903	8689787	490106	857778	1347884	7341903	8076778

**SCHEDULE : D : SUNDRY DEBTORS**

(Unsecured, considered good)

(a) Exceeding six months	510867	428326
(b) Others	1485581	1478954
<b>TOTAL</b>	<b>1996448</b>	<b>1907280</b>

**SCHEDULE : E : CASH & BANK BALANCES**

Cash in Hand	863625	461747
Balance with Banks in Current Accounts		
F D R with Bank	110213	110213
Accrued Interest on FDR	19094	12094
Bank of India, Indore	---	5678
<b>TOTAL</b>	<b>992932</b>	<b>589732</b>

**SCHEDULE : F : LOANS & ADVANCES**

(Unsecured, Considered good)

Advance recoverable in cash or in kind or for value to be received	468955	397240
Advance Payment of F B T	---	80611
<b>TOTAL</b>	<b>468955</b>	<b>477851</b>

## SCHEDULES TO THE ACCOUNTS

	31.03.2010	31.03.2009
	Rs.	Rs.
<b><u>SCHEDULE : G : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
(A) CURRENT LIABILITIES		
Sundry Creditors(Refer Note 3)		
Due to micro, small and medium enterprises	2334953	1879773
Other creditors	30161	24658
(B) PROVISIONS		
Provision for F B T	---	24690
<b>TOTAL</b>	<b>2365114</b>	<b>1929121</b>
<b><u>SCHEDULE : H : SALES</u></b>		
SALES	7208086	5056340
VAT on Sales	296509	204496
<b>TOTAL</b>	<b>7504595</b>	<b>5260836</b>
Less : VAT on Purchase	233765	166182
VAT Paid	62744	38314
<b>TOTAL</b>	<b>7208086</b>	<b>5056340</b>
<b><u>SCHEDULE : I : OTHER INCOME</u></b>		
Interest Received	7000	7150
Incentive	---	165000
<b>TOTAL</b>	<b>7000</b>	<b>172150</b>
<b><u>SCHEDULE : J : PURCHASE</u></b>		
Purchase	5844035	4154380
<b>TOTAL</b>	<b>5844035</b>	<b>4154380</b>
<b><u>SCHEDULE : K : EMPLOYEES REMUNERATION &amp; BENEFITS</u></b>		
Salaries, Wages, Bonus etc	72432	71170
Staff Welfare	2432	2682
<b>TOTAL</b>	<b>74864</b>	<b>73852</b>
<b><u>SCHEDULE : L : ADMINISTRATIVE EXPENSES</u></b>		
Travelling Expenses	5213	12313
Telephone & Mobile Expenses	7213	11910
Legal & Professional Expenses	43050	39000
Conveyance Expenses	8216	20116
Miscellaneous Expenses	81886	69588
Rates & Taxes	3250	6750
Printing & Stationery	2315	2862
Auditor's Remuneration(Refer Note 7)	39500	19500
Bank Charges	31098	28323
<b>TOTAL</b>	<b>221741</b>	<b>210362</b>
<b><u>SCHEDULE : M : SELLING &amp; DISTRIBUTION EXPENSES</u></b>		
Selling & Business Promotion Expenses	408281	328000
Implantation Charges	248814	178300
Advertisement	1700	4450
Conference Expenses	32000	105000
<b>TOTAL</b>	<b>690795</b>	<b>615750</b>
<b><u>SCHEDULE : N : INTEREST</u></b>		
Interest-others	55644	21308
<b>TOTAL</b>	<b>55644</b>	<b>21308</b>

As per our report of even date attached

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

Chartered Accountants

**(S. R. Naredi)**

Proprietor

PLACE : INDORE

DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**

Director

**AMITA SETHI**

Director

**SCHEDULE : O : NOTES ON ACCOUNTS**

Annexure to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2010

**1. Significant Accounting Policies :****A. Method of Accounting :**

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

**B. Use of Estimates :**

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

**C. Fixed Assets :**

Fixed assets are stated at cost (net of VAT of which credit is allowable) less accumulated depreciation and impairment, if any. Cost includes all expenses incurred to bring the inventory in present location and condition. All direct expenses are capitalized till fixed assets are put to use.

**D. Depreciation / Amortisation :**

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

**E. Intangible assets**

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment, if any. Technical know-how has been amortized over the period of ten years. Amortization is done on straight line basis.

**F. Miscellaneous Expenditure :**

(Written off or Adjusted)

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

**G. Revenue Recognition / Sales :**

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

**H. Employees Benefits :**

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

**I. Taxation :**

Provision for current tax has not been made considering loss for the current year. The deferred tax resulting from the timing difference between the accounting and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of timing difference are recognized and carried forward to the extent there is virtual certainty that these would be realized in future.

**J. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving substantial degree of estimation in measurement that can be reliably ascertained, are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes, when no reliable estimate is made or when there is present or past obligation that may, but probably will not, require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statement.

**K. Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Recoverable amount is higher of net selling price or value in use. Management reviews the carrying cost of the assets at the end of each balance sheet date and is of the view that the recoverable value in the assets is more than the carrying amount and hence no provision for impairment of assets has been made.

**L. Earning Per Share :**

Basic earning per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by dividing the net profit after tax by the weighted average number of equity shares and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity share.

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

3. Sundry creditors in schedule G (A) to the Accounts include

The principal amount paid and that remaining unpaid as at 31 March 2010 in respect of enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 are Rs 67.09 Lacs (Previous Year Rs. 50.56 Lacs) and Rs 23.35 Lacs (Previous Year Rs.18.80 Lacs) respectively. No liability of interest arises. The disclosure is based on the information available with the company regarding the status of suppliers.

4. **Segment Reporting:**

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

5. **Related Party disclosures:**

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

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

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

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

Nature of Transactions	Related Parties	
	Referred in I (a) above	Referred in I (b) above
1. Purchases of Goods	5805115 (4120800)	Nil (Nil)
2. Incentive Recd	Nil (165000)	Nil (Nil)
3. Payable	2334953 (1879773)	Nil (Nil)

(Previous Year figures are in Brackets)

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

Particulars	As At 31.03.2010	As At 31.03.2009
Deferred Tax Liabilities On account of Depreciation & Amortization	748366	600586
Deferred Tax Assets On account of Losses	1053006	738187
Net deferred Tax Assets	304640	137601

7. Payment to auditor

	2009-10	2008-09
Audit Fees	19500	19500
For Taxation Matters	20000	-

8. Quantitative & Other information.

		<u>Quantity (in Nos)</u>		<u>Value (Rs.in Lacs)</u>	
		31.03.10	31.03.09	31.03.10	31.03.09
A	<u>Purchase</u>				
	(a) Pacemaker*	241	165	58.44	41.54
B	<u>Turnover of Goods produces / Purchased</u>				
	(a) Pacemaker*	241	165	72.08	50.56

\*Pacemakers include its Accessories.

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

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

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

PLACE : Indore  
DATE : 15<sup>th</sup> July 2010

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

<b>1 Registration Details</b>	:		
Registration No.	:	08917 of 1995	
State Code	:	10	
Balance Sheet Date	:	31 <sup>st</sup> March, 2010	
<b>2 Capital raised during the year</b>			<b>(Rs. in Thousands)</b>
Public Issue	: NIL	Right Issue	: NIL
Bonus Issue	: NIL	Promoters & their Friends & Relatives	: NIL
<b>3 Position of Mobilisation and deployments of Funds.</b>			<b>(Rs. in Thousands)</b>
Total Liabilities	:	8565.091	
Total Assets	:	8565.091	
<b><u>SOURCES OF FUNDS</u></b>			
Paid-up Capital	:	8007.000	
Reserves & Surplus	:	--	
Secured Loans	:	--	
Unsecured Loans	:	558.091	
<b><u>APPLICATION OF FUNDS</u></b>			
Net Fixed Assets	:	6478.880	
Investment	:	--	
Net Current Assets	:	1093.221	
Deferred Tax Assets	:	304.604	
Misc Expenditure	:	--	
Accumulated Losses	:	688.350	
<b>4 Performance of Company :</b>			<b>(Rs. in Thousands)</b>
Turnover	:	7215.086	
Total Expenditure	:	7755.663	
Profit Before Tax	:	-540.577	
Profit After Tax	:	-456.869	
Earning Per Share (in Rs.)	:	-0.57	
Dividends Rate (in %)	:	--	
<b>5 Generic Names of Three Principal Products/Services of Company</b>			
Item Code No. (ITC Code)	:	--	
Product Description	:	Pacemaker	

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

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**  
Managing Director

**AMITA SETHI**  
Whole time Director

**SUSHIL PATNI**  
Director

PLACE : Indore  
DATE : 15<sup>th</sup> July 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

(Rs. in lacs)

	2009-10	2008-09
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary items as per profit & loss account	-5.41	-7.11
Add(+)/Deduct(-)		
Depreciation	8.63	8.58
Interest Income	-0.07	-0.07
Profit on sale of assets	0.06	0.06
Interest	0.56	0.21
Operating Cash Profit before working capital changes	3.77	1.67
Add(+)/Deduct(-)		
Trade & other Receivable	-1.61	2.78
Inventories		
Trade Payable & other liabilities	4.61	-9.38
Cash Generation from Operations	3.00	-6.60
Deduct (-) Direct Taxes Paid	-0.28	-0.24
NET CASH FROM OPERATING ACTIVITIES	6.49	-5.17
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Inflow / outflow (-)		
Purchase of Assets	-	-1.23
Interest Recd	0.07	0.07
NET CASH FROM INVESTING ACTIVITIES	0.07	-1.16
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inflow / outflow (-)		
Proceeds from Long Term Borrowings (Net)	-1.97	7.55
Interest Paid	-0.56	-0.21
NET CASH FROM FINANCING ACTIVITIES	-2.53	7.34
NET INCREASE / DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)	4.03	1.01
ADD: BALANCE AT THE BEGINNING OF THE YEAR	5.90	4.89
CASH/CASH EQUIVALENTS AT END OF THE YEAR	9.93	5.90

As per our report of even date attached

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

Chartered Accountants

**(S. R. Naredi)**

Proprietor

PLACE : Indore

DATE : 15<sup>th</sup> July 2010

For and on behalf of Board of Directors

**ATUL KUMAR SETHI**

Managing Director

**AMITA SETHI**  
Whole time Director**SUSHIL PATNI**  
Director

## Shree Pacetronix Limited

Regd. Office : Plot No. 19, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

PROXY FORM22<sup>nd</sup> Annual General Meeting

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

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

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

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

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

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

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

my/our proxy to vote for me/us on my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on 30th September, 2010 and to any adjourned meeting thereof.

As witnessed my/our hand(s) this-----day of -----2010

Signature-----

Re. 1 Revenue Stamp
---------------------------

**Note :** If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the registered office of the Company at least 48 hours before the meeting.

## Shree Pacetronix Limited

Regd. Office : Plot No. 19, Sector II, Industrial Area, Pithampur, Distt. DHAR (M. P.) 454775

**ATTENDANCE SLIP**22<sup>nd</sup> Annual General Meeting on 30th September 2010

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

Mr./Mrs./Miss. \_\_\_\_\_  
(Shareholders' name in block letters)

I/We certify that I/We am/are registered shareholder / proxy for the registered shareholder of the company.

I/We hereby record my/our presence at the 22<sup>nd</sup> Annual General meeting of the company at the registered office of the company on 30th September, 2010.(If signed by proxy, his name should be  
Written in block letters)\_\_\_\_\_  
(Shareholders/proxy's Signature)**Note :**

- Shareholders/proxy holders are requested to bring the attendance Slips with them when they come to the meeting and hand over them at the entrance after affixing their signatures on them.
- If it is intended to appoint a proxy, the form of proxy should be completed and deposited at the Registered Office of the Company at least 48 hours before the Meeting.



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**BOOK - POST**

*If undelivered, please return to :*  
**Shree Pacetronix Limitd**  
Plot No. 15, Sector II, Industrial Area, Pithampur, Dist. DHAR (M.P.)  
Pin - 454775