

26th
ANNUAL REPORT
2013 - 2014



Shree Pacetrnix Ltd.

Technology Serving Humanity

An ISO-9001 Company

MANAGING DIRECTOR	:	Shri Atul Kumar Sethi
WHOLE TIME DIRECTORS	:	Smt. Amita Sethi, Shri Vikas Gokhale
INDEPENDENT DIRECTORS	;	Shri Sushil Patni Shri Anil Rathi Shri Praveen K. Badjatya
CHIEF FINANCIAL OFFICER	:	Shri Hari Mohan Jha
BANKER	:	BANK OF INDIA Santha Bazar, INDORE
AUDITORS	:	M/s S. R. Naredi & Co. Chartered Accountants 204, Manas Bhawan Extn. 11, R. N. T. Marg. INDORE - 452001
REGISTERED OFFICE & WORKS	:	Plot No. 15, Sector II, Industrial Area Pithampur, Dist. Dhar (M.P.) 454775 Phone: 07292-411105, Fax: 07292-400418 Email: info@pacetronix.com CIN: L33112MP1988PLC004317
SHARE TRANSFER AGENT	:	Ankit Consultancy Private Limited 60, Electronics Complex, Pardeshipura, Indore (M.P.) -452010 Phone : 0731-2551745 - 46 Fax No. : 0731-4065798 E Mail ID : mail@ankitonline.com

NOTICE

NOTICE is hereby given that 26th Annual General Meeting of the Members of **SHREE PACETRONIX LIMITED** will be held on Monday, 29th September, 2014 at 10:00 a.m. at the registered office of the Company to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Auditors and Board of Directors thereon.
2. To appoint a Director in place of Smt. Amita Sethi retires by rotation and being eligible offers her for re-appointment.
3. To consider if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** subject to the provisions of section 139 and other applicable provisions, if any, of Companies Act, 2013 read with Rule 3 of Companies (Audit and Auditors) Rules, 2014, M/s S. R. Naredi & Co, Chartered Accountants (ICAI Firm Registration No. 002818C), the retiring Auditors of the Company be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty ninth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) on such remuneration as may be decided & fixed by the board on the recommendations of the Audit Committee.”

SPECIAL BUSINESS:

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

“**RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 read with the provisions of Schedule V of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 and other applicable provisions if any of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being enforce), the approval of the members of the Company be and is hereby granted for the re-appointment of and remuneration being paid or provided to Shri Vikas Gokhale (DIN- 05193393) as one of the whole-time Key Managerial Person to be designated as the Whole-Time Director of the Company for a further period of three years commencing from 30th January, 2015, liable to be retire by rotation, on the following terms and condition.

Salary of ₹ 85,000/- PM which shall be subject to upward revision of 10% per annum.

Allowances/perquisites: as per Category A Subject to the maximum of Salary.

CATEGORY: A

- a. **House Rent:** The Company shall provide House Rent Allowance subject to a maximum of 50% of the salary or house accommodation and 10% of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- b. **Medical Expenses:** Re-imbursment of medical expenses of the Executive Director and his family, the total cost of which to the Company shall not exceed one month's salary in the year or three months salary in a block of three years.
- c. **Leave travel assistance:** Expenses incurred for self and family in accordance with the Rules of the Company.
- d. **Club Fees:** subject to a maximum of two clubs, this will not include admission and life membership.
- e. **Personal accident insurance premium:** not exceeding ₹ 24000/- p.a.

NOTE: For the purpose of perquisites stated in Category “A” above, “Family” means the spouse, the dependent children and dependent parents of the appointee.

CATEGORY B-

EXEMPTED FROM THE LIMITS PRESCRIBED UNDER THE SCHEDULES:

- a. **Employers Contribution to PF:** As per the Rules of the Company.
- b. **Gratuity:** As per rules of the Company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- c. **Leave encashment:** up to 15 days salary for every one year completed service as per the rules of the Company.

Provided that the above said perquisites shall not be counted for the purpose of calculation of the remuneration payable to the Executive Director.

CATEGORY C-**FACILITIES TO PERFORM THE COMPANIES WORK:**

- a. **Car:** The Company shall provide car with driver for the Company's business and if no car is provided, reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.
- b. **Telephone, Internet & Cell:** Free use of telephone, internet at his residence and Cell phone, provided that the personal long distance calls on the telephone shall be billed by the Company to the Executive Director.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Shri Vikas Gokhale shall not be in excess with the limit prescribed in the Schedule V of the Companies Act, 2013 as may be applicable from time to time during his tenure.

RESOLVED FURTHER THAT Shri Vikas Gokhale, Whole Time Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of directors be and are hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to hold the increments, decide breakup of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the said Act and Companies (Appointment and Qualification of Directors) Rules, 2014, and the Clause 49 of the Listing Agreement as may be amended from time to time, Shri Anil Rathi (DIN- 00492926), who was holding position of the Independent Director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the director of the Company and who has also submitted a declaration confirming that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years upto 31st March, 2019 and he will not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the said Act and Companies (Appointment and Qualification of Directors) Rules, 2014, and the Clause 49 of the Listing Agreement as may be amended from time to time, Shri Sushil Kumar Patni (DIN- 00245754), who was holding position of the Independent Director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the director of the Company and who has also submitted a declaration confirming that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years upto 31st March, 2019 and he will not be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule IV to the said Act and Companies (Appointment and Qualification of Directors) Rules, 2014, and the Clause 49 of the Listing Agreement as may be amended from time to time, Shri Praveen Kumar Badjatya (DIN- 00245849), who was holding position of the Independent Director liable to retire by rotation and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the director of the Company and who has also submitted a declaration confirming that he meets the criteria for independence as provided in section 149(6) of the Act and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years upto 31st March, 2019 and he will not be liable to retire by rotation."

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

“**RESOLVED THAT** consent of the Company be and is hereby accorded in terms of Section 180(1)(c) and (2) and other applicable provisions, if any, of the Companies Act, 2013 and / or Companies Act, 1956 as may be applicable (including any statutory modifications, amendments or re-enactments thereto for the time being in force) to the Board of Directors of the Company (hereinafter referred to as “ the Board”) for borrowing any sum or sums of monies from time to time for the purpose of the Company’s business on such terms and conditions and with or without security from any bank, financial institutions or any other lending institutions, firms, bodies corporate or persons, of India or otherwise from the foreign parties/entities subject to the provisions of the FDI and/or FEMA, as may be considered appropriate and suitable by the Board notwithstanding that the sum or sums of monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free-reserves, provided that the total amount so borrowed by the Board shall not at any time exceed the total limits of ₹ 50 Crores (Rupees Fifty Crores).

RESOLVED FURTHER THAT Board of Directors and the Director(s) or the person authorized by the Board be and is jointly and/ or severally authorized to do as they may think fit and for that purpose to execute such documents, papers, deeds, and writings containing such conditions and covenants as the Board may think fit and to take all such steps as may be necessary or desirable to give effect to this Resolution.”

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

“**RESOLVED THAT** consent of the Company be and is hereby accorded in terms of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, if any, (including any statutory modifications, amendments or re-enactments thereto for the time being in force) to the Board of Directors of the Company (hereinafter referred to as “ the Board”) to mortgaging and/hypothecation, pledge or charging by the Board of directors of the Company of all or any of the immovable and movable properties of the Company, wherever situated, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of directors may think fit together with the power to take over the management of the business and concern of the Company in certain events of default in favour of lender(s), Agent(s) and Trustee(s) for securing any loans and/or advances already obtained or that may be obtained from time to time any financial Institutions/banks/insurance companies, bodies corporate, firms or association or person or persons, and/or to secure any debentures issued, deposits and/or that may be issued and all interest, compounding interest/ additional interest, commitment charge, cost, charges, expenses and all other moneys payable by the company to the concerned secured lenders within the overall borrowing limit of ₹ 50 Crores (Rupees Fifty Crores) at any point of time.

RESOLVED FURTHER THAT the securities created or to be created by the Company as aforesaid may rank prior/ pari passu/subservient with/to the mortgages and/or charges already created or to be created by the company as may be agreed to between the Board of Directors of the Company and the concerned parties.

RESOLVED FURTHER THAT the Board be and is hereby authorized create or revise / renew the securities / or release the securities and to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto.”

PLACE: Pithampur
DATE: 31.07.2014

By order of the Board of Directors of
Shree Pacetronix Limited

Registered office
Plot No. 15, Sector No. II
Industrial Area
Pithampur, 454775

Atul Kumar Sethi
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. A person can act as a proxy on behalf of members not exceeding 50 and holding in aggregating not more than 10% of the total share capital of the Company carry voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or member.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is given below and forms part of the Notice.
4. The company has notified closure of register of members and share transfer books from Friday, September 26, 2014 to Monday, September 29, 2014 (both days inclusive).
5. 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 registered with the Company for admission to the meeting place.
 - d. Bring their Annual Report and Attendance Slips with them at the AGM venue.
 - e. Send their Email address to us for prompt communication and update the same with their D.P to receive softcopy of the Annual Report of the Company.
6. The report on the Corporate Governance and Management Discussion and Analysis also form part to the report of the Directors.
7. Members seeking any information are requested to write to the Company by email at pacetronix@hotmail.com at least 7 days before the date of the AGM to enable the management to reply appropriately at the AGM.
8. Members are requested to notify immediately any change in their address and E – Mail ID to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Ankit Consultancy Private Limited, 60, Electronic Complex, Pardeshipura, Indore.
9. Electronic copy of the Annual report is being sent to the members whose email IDs are registered with the Company/ Depository Participants unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual report being sent in the permitted mode.
10. Members may also note that the Annual Report for FY 2013-14 will also available for downloading on Company's website www.pacetronix.com
11. 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.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the registered office of the company on all working days, except Saturday, between 11:00 A.M and 1:00 P.M up to the date of the meeting.
13. **Voting through electronic means**
 - i. In compliance with the provisions of section 108 of the Act and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

 - i. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
 - ii. Now click on "Shareholders" to cast your votes
 - iii. Now, select "**SHREE PACETRONIX LIMITED**" from the drop down menu and click on "SUBMIT"

- iv. Now, fill up the following details in the appropriate boxes:

User-ID	<p>For Members holding shares in Demat Form:-</p> <p>a) For CDSL :- 16 digits beneficiary ID</p> <p>b) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID</p> <p>For Members holding shares in Physical Form:-</p> <ul style="list-style-type: none"> Folio Number registered with the Company
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- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)-</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN Field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.-</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant **SHREE PACETRONIX LIMITED** on which you choose to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- xvi. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- II. The voting period begins on Tuesday, 23rd September, 2014 at 9.00 AM and ends on Thursday, 25th September, 2014 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29th August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- III. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- IV. Shri Ashish Garg (Membership No. 5181 CP no. 4423), Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- V. The result of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.pacetrnix.com and will be communicated to the Stock Exchange i.e. Bombay Stock Exchange Ltd, Mumbai and Madhya Pradesh Stock Exchange, Indore.
- VI. A copy of this notice has been placed on the website of the Company and the website of CDSL.
14. In terms of the provisions of Section 124 of the Companies Act, 2013 the amount of dividend not encashed or claimed within 7(Seven) years from the date of its transfer to the unpaid dividend account; will be transferred to the Investor Education and Protection Fund established by the Government.
15. Members who have neither received nor encashed their dividend warrant(s) for the financial years 2006-07 upto 2012-13, are requested to write to company's Registrar & Share Transfer Agent, Ankit Consultancy Private Limited, 60 Electronic Complex, Pardeshipura, Indore (M.P)-452010, mentioning the relevant Folio number or DP ID and client ID, for issuance of duplicate/revalidated dividend warrant(s).

EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 3:

This explanatory statement is provided though strictly not required as per section 102 of the Act.

M/s S.R Naredi & Co., Chartered Accountants (ICAI Firm Registration No. 002818C), Indore have been the Auditors of the Company since very long.

As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Section 139 of the Act has also provided a period of three years from the date of commencement of the Companies Act, 2013 to comply with this requirement. In view of the above, M/s S.R Naredi & Co., Chartered Accountants, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 31st July, 2014 proposed the re-appointment of M/s S R Naredi & Co., Chartered Accountants as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the twenty-Ninth AGM of the Company to be held in the calendar year 2017 (subject to ratification of their appointment at every AGM).

The Board recommends the resolution as set out at Item No. 3 for approval by the members as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel (KMP) or their relatives are concerned or interested in any manner in the Resolution.

Item No. 4

Shri Vikas Gokhale joined the Board on 30th January 2012 as Whole-time Director of the Company and his tenure shall be expired on 29th January, 2015 upon completion of 3 years of his appointment. . He is having 13 Years experience in R&D and Production.

Shri Vikas Gokhale is having very rich experience in industries and is acquainted with through knowledge of business. His 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 he will be continue in the capacity of Whole Time Director.

Thus upon the recommendation of the Nomination and Remuneration Committee, the Board of directors at their meeting held on 31st July, 2014 has re-appointed them for a further period of 3 years w.e.f. 30th January, 2015.

Shri Vikas Gokhale is the whole time Director of the Company & re-appointed for the period of three year, however to make the compliance of the provisions of Sec. 152 of the Companies Act 2013, he will be liable to retire by rotation.

The Board considered that the terms and conditions the salary and perquisites as given in the Item No. 4 of the notice is commensurate with their high responsibilities, status and image of the Company. The Board recommends to pass special resolution as set out in Item No. 4 of the notice. Shri Vikas Gokhale may be deemed as concerned or interested in the resolutions. Except that none of the other Directors nor Key Managerial Personnel is, in any way, concerned or interested in the Resolutions.

Shri Vikas Gokhale is not holding any Equity shares of the total paid up capital of the Company.

Item No: 5, 6 & 7

The Board of Directors of the Company comprises six Directors out of which Shri Sushil Patni, Shri Anil Rathi and Shri Praveen K. Badjatya are Non-Executive Independent Directors of the Company.

Shri Sushil Patni joined the Board on 30th April, 2002 as Director and has served the Company for over 12 years. He is a graduate in commerce. He has more than 12 years experience in Management of Industrial Undertaking.

Shri Anil Rathi joined the Board of Directors of the Company on 25th July, 2008 as Director of the Company. He has 36 years experience in marketing of medical instrumentation, financiers and management of industrial automation. He hold 500 Equity shares in the Company.

Shri Praveen K. Badjatya joined the Board of Directors of the Company on 15th July 2010 as Director of the Company. He has more than 24 year experience in commercial Business.

The detailed profile of Directorship and Committee position held by these three Directors in other Companies are included separately in this Notice and report on Corporate Governance forming part of the Annual Report.

As per the provisions of section 149 of the Companies Act, 2013 which was come into force w.e.f. 1st April 2014, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company and is not liable to retire by rotation. Therefore, it is proposed to appoint them as Independent Directors at the ensuing annual general meeting for a period of 5 years, upto 31st March, 2019.

All the above said three Independent Directors has given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board the above said three directors fulfills the conditions specified in the Act and the Rules made there under as the Clause 49 of the Listing Agreement for their appointment as Independent Directors of the Company.

The Company has received a notice in writing as required under section 160 of the Companies Act, 2013 from members for proposing the appointment of the above said directors.

All the 'Independent Directors' have expertise in specific functional areas and are eminent personalities in their respective fields .The Board considers that there continued association would be of immense benefit to the Company and it is desirable to continue to avail services of these three Directors as an Independent Director.

Accordingly, the Board recommends the resolution as set out in the Item No. 5 to 7 as Ordinary Resolutions Shri Sushil Patni, Shri Anil Rathi and Shri Praveen K .Badjatya, who are proposed appointees may be considered as concerned or interested financially in the Resolutions to the extent of the sitting fee as may be paid by the company from time to time. Except that none of the other Directors nor Key Managerial Personnel or relatives thereof is, in any way, concerned or interested in the Resolutions.

Item No: 8

Due to the increasing business operations and future growth plans, Company would necessitate borrowing from any bank, financial institutions or any other lending institutions, firms, bodies corporate or persons, both in the national and international markets, as may be considered suitable by the Board. However as per the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, apart from temporary loans obtained or to be obtained from the Company's banker in the ordinary course of business except with the consent of the shareholders in General Meeting by way of special resolution, borrow monies in excess of the aggregate of the paid-up capital and free reserves of the Company.

In terms of the special resolution passed by the members of the Company in the last Annual General Meeting held on 30th September 2013, the amount consequent to loans borrowed by the Board of Directors on behalf of the Company cannot exceed ₹ .25 Crores at any point of time, however the Company has not borrowed more than the same amount at any point of time. In view of the future growth, the Board of Directors of the Company considered needs to be authorized by the members to borrow monies, whether secured or otherwise (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), from time to time on behalf of the Company not exceeding ₹ 50 Crores (Rupees Fifty Crores).

The Board accordingly recommends the Special Resolution as mentioned in item no.8 of this notice for your approval.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors & Key Managerial Personnel and their relatives is either directly or indirectly concerned or interested in the proposed resolution. However the directors and their relatives being the members may be considered as financially interested to the extent of the interest as may be received by them on the unsecured loan, if any, as may be provided by them. However, they are not interested otherwise in any manner in the aforesaid resolution.

Item No : 9

It is proposed to obtain consent of the members of the Company to increase the borrowing limits under section 180(1)(C) of the Companies Act 2013 to Rs. Fifty Crores (Fifty Crores). The borrowings from the institutions/banks provided/agreed to be provided to the Company have to be secured by the mortgage and charge of the assets of the Company, both present and future and the whole of the undertaking of the Company and the aforesaid institutions would like to retain a power to take over the management of the business and concern of the Company in certain events, it is necessary for the members to pass a resolution under Section 180(1)(a) of the Companies Act, 2013.

Section 180(1)(a) of the Companies Act, 2013 provides that the Board of directors of company shall not, without the approval of shareholders in general meeting by way of Special Resolution, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Hence, the members are required to authorize to the Board to create/renew charges on the movable and immovable assets and properties of the Company in favor of the lenders in accordance with the terms and conditions of the Loans and security documents as stated in the Resolution of item No. 9.

The Board accordingly recommends the Special Resolution at item no. 9 of this Notice for your approval.

Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors & Key Managerial Personnel and their relatives is either directly or indirectly concerned or interested, financially or otherwise in the proposed resolution except in capacity of shareholder.

By order of the Board of Directors of
Shree Pacetronix Limited

Atul Kumar Sethi
Managing Director

Place: Pithampur

Date: 31.07.2014

Registered office

Plot No. 15, Sector No. II

Industrial Area

Pithampur, 454775

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

Name of Directors	Mr. Amita Sethi	Shri Vikas Gokhale	Shri Sushil Patni	Shri Anil Rathi	Shri Praveen Badjatya
Date of Birth	01.06.1966	09.06.1975	20.10.1952	05.02.1954	21.08.1964
Date of Appointment	11.01.1988	30.01.2012	30.04.2002	25.07.2008	15.07.2010
Expertise/ Experience in Specific functional areas	Having 18 years experience in Management of Industrial Undertaking	Having 13 years experience in Management of Industrial Undertaking	Having 12 years experience in Management of Industrial Undertaking	36 Years experience in Marketing of Medical Instrumentation, Financies, and Management of Industrial Automation.	More than 24 year experience in commercial Business.
No. of Equity Shares held	99795	N.A	N.A	500	N.A
List of outside Company directorship held	1. Shree Coratomic Limited 2. Sethi Resins Pvt. Ltd.	Nil	1. Shree Coratomic Limited 2. Angel Trade Links Ltd.	1. Magnum Distilleries Ltd. 2. Magnum Infrareal Private Limited	Nil
Chairman / Member of the Committees of the Board of Directors of the Company	NIL	NIL	Chairman 1. Audit Committee 2. Nomination and Remuneration Committee 3. Stakeholders relationship Committee	Member 1. Audit Committee 2. Nomination and Remuneration Committee 3. Stakeholders relationship Committee	Member 1. Audit Committee 2. Nomination and Remuneration Committee
Chairman / Member of the Committees of the Board Directors of other Companies in which he is director	NIL	NIL	NIL	NIL	NIL

DIRECTORS' REPORT

To

The Members of
Shree Pacetronix Ltd

Your Directors take pleasure in presenting the 26th Annual Report and Audited Accounts of your Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

	(₹ in lacs)	
PARTICULARS	31.03.2014	31.03.2013
Revenue from operations	683.21	605.61
Other Income	1.00	4.31
Operating Expenditure	557.78	501.44
Interest & Depreciation	93.65	90.94
Profit before Extra Ordinary Items	32.78	17.54
Add- Provision Written back	Nil	Nil
Profit before Tax	32.78	17.54
Less-Provision for Tax	10.85	6.06
Profit After Tax	21.93	11.48

COMPANY'S PERFORMANCE & FUTURE OUTLOOK

Your Company has continued its growth story again during fiscal 2014 and recorded a total turnover of ₹ 684.21 Lacs as compared to last years turnover of ₹ 609.93 and Profit after tax having substantial growth of around 50% i.e ₹ 21.93 Lacs in the financial year against the last year's Profit of ₹ 11.48 Lacs. Cardiac Sciences showed an upsurge since January 2014, with cardiac pacemaker implants recording a substantial increase over the previous year.

Your Company's strategic intent continues to be the strengthening of its leadership position in manufacturing of Pacemakers, the position of the company is in the positive mark year by year, and also we are able to create value with continuous increase in profitability and operating margins year after year. Ambitious expansion plans are under way as discussed which will enable your Company to continue its journey on the growth path.

DIRECTORATE

In term of the provision of the Company Act 2013, Smt. Amita Sethi the Whole-time director of the Company would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer herself for reappointment, hence approval of the members is being sought for the re-appointment.

Shri Vikas Gokhale has been re-appointed as a whole-time director of the Company for a period of three years commencing from 30th January, 2015, pursuant to the provisions of sections 196, 197, 203 and applicable provisions if any, of Companies Act, 2013, hence approval of the members is being sought for the re-appointment.

Further Shri Sushil Patni, Shri Anil Rathi and Shri Praveen K. Badjatya the existing Independent Directors are further proposed to be appointed as Independent Directors for a term of 5 years as per requirement of section 149 of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement to hold the office till 31st March, 2019.

The Company has received notice in writing from the members as required under section 160 of the Act for proposal for appointment of all the Independent Directors of the Company at the ensuing Annual General Meeting. The Board recommends the resolutions for approval of members for the above appointments.

DIVIDEND

In view of the Strengthening position of the Company the Director of the Company are decide to not to pay dividend for the year.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, and based on the representation received form the operating management, the Directors hereby confirm 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 31st March 2013 on going concern basis.

AUDITORS

M/s S.R Naredi & Co. Chartered accountants, Indore statutory auditors of the company, hold office until the ensuing Annual General Meeting. The said Auditors have furnished the certificate of their eligibility for re-appointment.

Pursuant to the provisions of section 139 and other applicable provisions, if any, of Companies Act, 2013 read with Rule 3 of Companies (Audit and Auditors) Rules, 2014, it is proposed to appoint M/s S. R. Naredi & Co., Chartered Accountants (ICAI Firm Registration No. 002818C), the retiring Auditors of the Company as Statutory Auditors of the Company from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty-ninth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) on such remuneration as may be decided & fixed by the board on the recommendations of the Audit Committee.

The Board has duly reviewed the statutory Auditors Report on the Accounts. The notes forming part of the accounts referred to in the Auditors Report of the Company are self explanatory and do not call for any further explanation.

ENERGY CONSERVATION AND OTHER REPORTING U/S 217(1)(e)

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and out go as required to be disclosed under section 217(1)(e) of the companies Act, 1956, are provided in **Annexure – 1** to this report.

FIXED DEPOSITS

Your company has not accepted or invited any deposits from public within the meaning of Section 58 A of the Companies Act, 1956, during the year under review and that there is no overdue unpaid/unclaimed deposit as at 31st March, 2014.

LISTING AT STOCK EXCHANGE

The Equity shares of the Company are listed with Bombay Stock Exchange Ltd, Mumbai and Madhya Pradesh Stock Exchange, Indore.

COMPLIANCE CERTIFICATE

The Company has received the Compliance Certificate from Ashish Garg, Practicing Company Secretary which is forming part of the report of the Board of Directors as **Annexure - 2**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis statement as required under the Listing Agreement with the Stock Exchange are attached to this report as **Annexure- 3**.

CORPORATE GOVERNANCE

Report on Corporate Governance as required under the Listing Agreement with the Stock Exchange along with the certificate of the Auditors, M/s. **S. R. Naredi & Co** , confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are attached to this report as **Annexure - 4**.

SUBSIDIARY COMPANY

At the end of the financial year under review, your Company had the one subsidiary Company namely Shree Coratomic Limited. The Ministry of Corporate Affairs, Government of India has issued a Circular No.2 / 2011 dated 8th February 2011 granting general exemption to Companies under section 212 (8) from attaching the documents referred to in section 212 (1) pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company have accordingly accorded approval to the Company dispensing with the requirement of attaching to its Annual Report the annual audited accounts of the Company's subsidiaries. Accordingly, the Annual Report of the Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of the Company, its subsidiaries and associate. The Annual Accounts of these subsidiary companies and the related detailed information will be made available to the shareholder seeking such information at any point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its registered / corporate office and that of the concerned subsidiary companies. The statement pursuant to the approval under section 212 (8) of the Companies Act, 1956 is annexed together with the Annual Accounts of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared as per the Accounting Standard AS 21 and Accounting AS 23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

COST COMPLIANCE REPORT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, The Company has received the Cost Compliance Certificate from M/s. Anil Jain Cost Accountant, Indore for the year ended on 31st March 2014

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.

ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to all the Government and semi government departments and Company's Bankers, for the assistance and co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Customer, Vendors, Employees and all other stakeholders in ensuring an excellent all around operational performance.

Place: Pithampur

Date: 31/07/2014

For and on behalf of the Board of Directors of

SHREE PACETRONIX LIMITED

ATUL KUMAR SETHI

Managing Director

ANNEXURE-1

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of board of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2014.

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 has 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.

A. POWER & FUEL CONSUMPTION

	31.03.2014	31.03.2013
1. Electricity		
(a) Purchased Units (Nos.)	1,15,013	1,18,264
Total Amount (₹)	8,20,523.00	8,50,945.00
Rate/Unit (₹)	7.13	7.20
(b) Own Generation		
(i) Through diesel Generator Units (Nos.)	NIL	NIL
Units/liter of diesel oil (Nos.)	NIL	NIL
Cost/Unit (Rs.)		
(ii) Through steam	NIL	NIL
Turbine/generator		
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION		
Production of Pacemakers (Nos.)	2384	2270
Electricity (Units)	48.24	52.10
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 | 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 & indigenization. |
| 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.
- In case of Imported Technology (Imported during last 18 years reckoned from beginning of the financial year) following information be furnished:

(a) Technology imported	IN FULL
(b) Year of import	1992-93
(c) Has Technology been fully absorbed?	Yes
(d) If not fully absorbed areas where this has not taken place, reasons thereof & future plan of action.	N.A.

III. FOREIGN EXCHANGE EARNINGS AND OUT GO

(₹ in Lacs)

	31.03.2014	31.03.2013
1. Foreign Exchange earned:		
- FOB Value of Exports	82.57	52.61
- Technology Fee	30.68	0.00
2. Foreign Exchange used: CIF Value of import of		
- Raw Materials	158.95	243.71
- Capital Goods	19.78	00.00
3 Foreign Travels:		
- Directors & Others	6.20	3.28
- Technical services	3.94	

Annexure - 2

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

CIN: L33112MP1988PLC004317

Authorised Capital: ₹ 5,00,00,000/-

Paid-up Capital: ₹ 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, read with applicable provisions of the Companies Act 2013 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, 2014 (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 Companies Act 1956 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 Companies Act 1956 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 27th September, 2013 to 30th September, 2013 (both the days inclusive) under Section 154 of the Companies Act 1956.
6. The Annual General Meeting for the financial year ended on 31st March, 2013 was held on 30th September 2013 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 Companies Act 1956 read with section 185 of Companies Act 2013.
9. The Company has not entered into contracts in contravention of the provisions of section 297 of the Companies Act 1956.
10. The Company has complied with the provisions relating to registers maintained under Section 301 of the Companies Act 1956.
11. As there were no instances falling within the purview of Section 314 of the Companies Act 1956, 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 the duplicate certificates, if any during the financial year in compliance with the provisions of the Companies Act 1956.
13. The Company has
 - i) delivered all the certificate of securities on transfer/transmission or any other purpose in accordance with the provisions of the Companies Act 1956;
 - 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 Companies Act 1956.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional Directors, alternate Directors and Directors to fill casual vacancies during the financial year.
15. The Company has re-appointed Shri. Atul Kumar Sethi the Managing Director, and Smt. Amita Sethi the Whole Time Director of the company for further 3 years during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company has not been required to obtain any approval of the Central Government, Company Law Board, Regional Director and/or such authorities prescribed under the various provisions of the Companies Act 1956.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors Pursuant to the provisions of the Companies Act 1956 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. No amount has been borrowed by the Company in violation of Section 293(1) (d) of the Companies Act 1956 read with Section 180(1)(c) of the Companies Act 2013 during the financial year.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate in violation of Section 372A of the Companies Act 1956 during the financial year.
26. The Company has not altered the provisions of 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 Companies Act 1956.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to provident fund with the prescribed authorities pursuant to section 418 of the Companies Act 1956.

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.
11. Register of loans and Investments.	12. Register of Directors Attendance

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 2013.

Sr. No.	Form No./ Return	Filed under Return	For	Date of filing/ Date of deposit of Challan	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid (Yes/No)
1	Compliance Certificate	Sec 383 A	For the year ended 31.03.2013	21.10.2013	Yes	No
2	Form-23	Sec-192	Registration of Resolution	23.10.2013	Yes	No
3	Form-23	Sec-192	Registration of Resolution	24.10.2013	Yes	No
4	Balance Sheet	Sec. 220(XBRL)	As on 31.03.2013	29.10.2013	Yes	No
5	Annual Return	Sec. 159	AGM held on 30.09.2013	29.11.2013	Yes	No
6	Form-25C	Sec-269(2)	Re-appointment of WTD	05.12.2013	Yes	No
7	Form-25C	Sec-269(2)	Re-appointment of M.D	25.12.2013	Yes	No

Place : INDORE
Date : 31.07.2014

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

Annexure - 3**REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS REPORT
(Forming part of Director's Report)**

- (a) **Industry Structure and Developments**
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) **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
- (c) **Segment wise or product wise performance:**
The Company is engaged in pacemakers manufacturing only and there is no separate repeatable segments.
- (d) **Outlook**
The same has been given in the Directors Report under the heading performance review.
- (e) **Internal Control System and their adequacy**
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 were harmonious throughout the year.
- (h) **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.

Annexure - 4**CORPORATE GOVERNANCE REPORT 2013-14
(Forming part of the Directors' Report of Shree Pacetronix Limited)**

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. We are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. At Shree Pacetronix we consider our stakeholders as our partners in our success and we remain committed to maximizing stakeholder's value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This emanates from our strong belief that sound governance system based on relationship and trust is integral to creating value on an overall basis.

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance is a set systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, Transparency, Fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Good governance practices stem from the culture and mind set of the organization and at Shree Pacetronix we are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholders returns, high credit ratings, governance process and entrepreneurial performance focused work environment. Our customers have benefited from high quality products delivered at the most competitive prices.

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliance for the year ended 31st March, 2014 are below here under.

2. MD/CFO CERTIFICATION

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

3. 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 one Managing Director, two directors in the whole time employment of the Company and three independent professional directors. The particulars of the Board with their interest in other concern are presented before you in the following table:

Name of the Director	Interested in	Nature of interest	No. of Committee Chairmanship/ membership in other Companies
1. Shri Atul Sethi	Shree Coratomic Limited	Director	N.A
2. Smt. Amita Sethi	Shree Coratomic Limited	Director	N.A
3. Shri Vikas Gokhale	NIL	NIL	N.A
4. Shri Sushil Patni	Angel Tradelinks Limited Shree Coratomic Limited	Director Director	N.A N.A
5. Shri Anil Rathi	Magnum Distilleries Limited	Director	N.A
6. Shri Praveen Badjatya	NIL	NIL	N.A

4. BOARD PROCEDURE

The Board meets at least once in a quarter to review the overall business operations including to consider the business which are related to formulation and execution of policies relating to production, finance, marketing, personnel, materials and general administration. Notice and agenda papers are sent to the directors in advance. The Board met five times during the year under review and the Dates on which the Said meetings were held are as follows:

30th May 2013, 30th July 2013, 30th October 2013, 30th January 2014 and 31st March, 2014.

5. DIRECTORS ATTENDANCE

Name of the Director	Category	Attendance at Board meeting	Attendance at AGM
1. Shri Atul Kumar Sethi	Managing Director	5	Yes
2. Smt. Amita Sethi	Whole time Director	5	Yes
3. Shri Vikas Gokhale	Whole time Director	5	Yes
4. Shri Sushil Patni	Independent Non-Executive	4	Yes
5. Shri Anil Rathi	Independent Non-Executive	4	Yes
6. Shri Praveen Badjatya	Independent Non-Executive	4	Yes

6. CODE OF CONDUCT

The Company has adopted a Code of Conduct for Board of directors and Senior Management. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on March 31, 2014. A declaration to this effect signed by the Managing Director forms part of this Report. As required by SEBI Regulations, the Company has adopted a code for the Prevention of Insider Trading. This Code is applicable to the directors and employees of the Company and their dependent family members.

7. COMMITTEES OF THE BOARD

Board has three Committees, viz

- a. Audit Committee b. Remuneration Committee c. Shareholders Grievances Committee

A. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock Exchange read with Section 292 A of the Companies Act, 1956.

Composition

The Audit Committee comprised of three Directors, out of which all the Directors are Independent Directors. All these directors possess knowledge of corporate finance, accounts and company law. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the year 2013-14	
		Held	Attended
Shri Sushil Patni	Chairman Independent, Non – Executive	4	4
Shri Praveen Badjatya	Independent, Non –Executive.	4	4
Shri Anil Rathi	Independent, Non –Executive.	4	4

Meetings

During the financial year ended 31st March, 2014, Four Audit Committee Meetings were held the Dates on which the Said meetings were held are as follow:

30th May 2013, 30th July 2013, 30th October 2013, and 30th January 2014.

B. REMUNERATION COMMITTEE

Your company has formed a remuneration committee to consider and approve the remuneration payable to the directors. The Remuneration Committee comprised of three Directors, out of which all the Directors are Independent Directors. The composition of the Committee is given below:

Name	Category
Shri Sushil Patni	Chairman, Non Executive Independent Director
Shri Praveen Badjatya	Member, Non Executive Independent Director
Shri Anil Rathi	Member, Non Executive Independent Director

Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions and units;
- Potential and performance capacity and capability of individual

Remuneration to Executive Directors

The Company pays remuneration to the Whole-time Directors and it is decided by the Board of Directors and approved by the shareholders. The aggregate amount of the remuneration paid for the financial year 2013-14 is as under:-

Shri A. K. Sethi (Managing Director)	-	₹ 26.30
Smt. Amita Sethi (Whole-time Director)	-	₹ 6.58
Shri. Vikas Gokhale (Whole-time Director)	-	₹ 8.40

Payment to non-executive directors

The Company is not paying any remuneration to the Non-Executive /Independent Directors except, sitting fees for the attending of the Board meetings.

C. SHAREHOLDERS' GRIEVANCE COMMITTEE

With view to review all matters connected with security transfers and transmission, redressal of shareholders/ investor complaints like non-transfer of shares, non-receipt of balance-sheet, non-receipt of dividend, etc., a Share Transfer and Investor Grievance Committee has been constituted. This committee oversees the performance of the Registrar & Transfer Agents and Secretary who have been authorised to deal with all these matters, also recommends measures for overall improvement of the quality of investor services.

The Shareholders' Grievances Committee comprised of three Directors, out of which majority of the Directors are Independent Directors. The composition of the Committee is given below:

The Committee comprises three members, viz., Shri Sushil Patni (Chairman), Shri Atul Kumar Sethi and Shri Anil Rathi. As of March 31, 2014, all requests, complaints, grievances, if any, have been replied to/resolved within the stipulated period and no such matter was pending.

8. COMPLIANCE OFFICER

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

9. 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

AGM/EGM	Date	Venue	Time
AGM - 2011	30 th Sept. 2011	Reg. Off of the Company at Pithampur	10.30 am
AGM - 2012	29 th Sept. 2012	Reg. Off of the Company at Pithampur	10.30 am
AGM - 2013	30 th Sept. 2013	Reg. Off of the Company at Pithampur	10.30 am

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.

Details of Special Businesses Transacted in last three years General Meetings are as under:

AGM/EGM	Date	Special Business Transacted
AGM	30 th September 2011	• No Special Business was transacted
AGM	29 th September 2012	• Appointment of Vikas Gokhale U/s 257 • Re-appointment of Vikas Gokhale U/s 269 read with 198,309 and 310.
AGM	30 th September 2013	• Re-appointment of Atul Kumar Sethi as a Managing Director of the Company under Section 269 read with 309 and 310. • Re-appointment of Amita Sethi as a Whole Time Director of the Company under Section 269 read with 309 and 310. • Approval u/s 293(1)(a) of the Companies Act, 1956 • Approval u/s 293(1)(a) of the Companies Act, 1956

10. NOTE ON DIRECTORS APPOINTMENT/ RE-APPOINTMENT

In term of the provision of the Company Act, Smt. Amita Sethi would retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer herself for reappointment, hence approval of the members is being sought for the re-appointment.

Shri Vikas Gokhale completed their term of three years as the Whole Time Director of the Company, your Directors propose for his reappointment as the Whole Time Director of the Company subject to approval of the shareholders in the ensuing AGM.

Further Shri Sushil Patni, Shri Anil Rathi and Shri Praveen Badjatya the existing Independent Directors are further proposed to be appointed as Independent Directors for a term of 5 years as per requirement of section 149 of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement to hold the office till 31st March, 2019.

The Company has received notice in writing from the members as required under section 160 of the Act for proposal for appointment of all the Independent Directors of the Company at the ensuing Annual General Meeting.

The Board recommends the resolutions for approval of members for the above appointments.

Shri Hari Mohan Jha has been appointed as the Chief Financial officer of the Company in place of CEO w.e.f. 31st July 2014.

11. DISCLOSURES**i. Related Party Transactions**

Details of all material transactions with related parties have been disclosed in the notes to the Accounts in the financial statements of the Company.

ii. Disclosure of Accounting Treatment

The company is following the Accounting Standards as applicable to the Company.

iii. Compliance by the Company

There has not been any non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

12. MEANS OF COMMUNICATIONS

i. The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within one month of the end of the respective period.

ii. The Quarterly/ Half yearly/ Annual Results of the Company are published in accordance with the Stock Exchange Listing Agreement in newspapers viz. "Free Press", (English) and "Chhotha Sansar" (Hindi).

iii. Management Discussion and Analysis forms part of this Annual Report.

13. SHAREHOLDERS INFORMATION**(a) REGISTERED OFFICE**

Plot No. 15, Sector No. II, Industrial Area, Pithampur, Distt. Dhar (M.P.) 454775

Tel: 07292-411105, Fax: 07292-400418, Email: info@pacetronix.com

(b) ANNUAL GENERAL MEETING

Date : 29th September, 2014

Day : Monday

Time & Venue : 10:00 a.m. at the registered office of the Company.

(c) FINANCIAL CALENDAR

(Tentative)

Results for the quarter ending 30th June, 2014 : Last week of July. 2014

Results for the quarter ending 30th Sept, 2014 : Last week of Oct. 2014

Results for the quarter ending 31st Dec, 2014 : Last week of Jan. 2015

Results for the quarter ending 31st Mar, 2015 : Last week of May.2015

(d) BOOK CLOSURE

Friday 26th September, 2014 to Monday 29th September 2014 (both days inclusive)

(e) LISTING

The equity shares of the Company are listed at Bombay Stock Exchange Ltd., Mumbai and Madhya Pradesh Stock Exchange Limited, Indore. Listing fees as prescribed, has been paid to both the Stock Exchanges for 2013-14.

(f) STOCK CODE

Scrip Code: BSE 527005

(g) ISIN NO- Demat ISIN No. in NSDL & CDSL: INE 847D01010**(h) REGISTRAR AND SHARE TRANSFER AGENT**

Ankit Consultancy Pvt. Ltd.

60, Electronics Complex,
Pardeshipura, Indore (M.P.) -452001

(i) 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.

(j) DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2014

SHARE HOLDING OF NOMINAL VALUE OF		SHARE HOLDERS		SHARE AMOUNT IN	
Rs. (₹)	Rs. (₹)	NUMBER	%	Rs. (₹)	%
UPTO	1000	4656	80.93	45,59,720	12.67
1001	2000	529	9.20	10,44,070	2.90
2001	3000	121	2.10	3,55,680	0.99
3001	4000	69	1.20	2,68,890	0.75
4001	5000	193	3.35	9,62,670	2.67
5001	10000	94	1.63	7,37,240	2.05
10001	20000	39	0.68	5,91,660	1.64
20001	30000	14	0.24	3,48,380	0.97
30001	40000	5	0.09	19,00,00	0.53
40001	50000	6	0.10	2,66,270	0.74
50001	100000	8	0.14	5,77,300	1.60
100000	ABOVE	19	0.34	260,92,120	72.49
TOTAL		5753	100.00	3,59,94,000	100.00

(k) SHAREHOLDING PATTERN AS ON 31-03-2014

Sr.No	Category	No. of Shares Held	Percentage of Shareholding
1.	Promoters	814930	22.64
2.	Private Corporate Bodies	214264	5.95
3.	Indian Public	1873704	52.06
4.	NRIs/OCBs	696502	19.35
		3599400	100.00

(l) DEMATERIALISATION OF SHARES

CATEGORY	NO. OF SHARES	%
Total number of Dematted shares with NSDL	1452083	20.23%
Total number of Dematted shares with CDSL	728091	40.34%
Total number of shares Held in Physical Form	1220526	33.91%

(m) STOCK MARKET DATA

Table 1 gives the monthly high and low quotations as well the volume of shares traded at Bombay Stock Exchange during 2013-14.

Table 1: Monthly highs and lows and volumes traded at the BSE, 2013-14

Year	High(Rs.)	Low(Rs.)	Close(Rs.)
Mar 2014	12.36	10.93	10.93
Feb 2014	14.00	13.00	13.00
Jan 2014	15.35	13.95	14.70
Dec 2013	17.00	15.40	15.40
Nov 2013	-	-	-
Oct 2013	18.95	16.30	17.00
Sep 2013	20.95	19.00	19.00
Aug 2013	-	-	-
Jul 2013	20.00	20.00	20.00
Jun 2013	-	-	-
May 2013	20.00	20.00	20.00
Apr 2013	23.10	21.00	21.00

(n) PLANT LOCATION

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

(o) ADDRESS OF CORRESPONDENCE:

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

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

In accordance with Clause 49 sub-clause I(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, 2014.

For and on behalf of the Board of Directors of
SHREE PACETRONIX LIMITED

ATUL KUMAR SETHI
Managing Director

Place: Pithampur
Date: 31th July, 2014

MD/CFO CERTIFICATION

To,
The Board of Directors,
Shree Pacetronix Ltd.

Dear Sirs,

- (a) We have reviewed the Balance Sheet, Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the cash flow statement as at 31st March 2014 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 of Directors of

SHREE PACETRONIX LIMITED

Place: Pithampur
Date: 31st July, 2014

Shri Atul Kumar Sethi
Managing Director

Hari Mohan Jha
Chief Financial Officer

AUDITORS REPORT ON CORPORATE GOVERNANCE

To,
The Members,

SHREE PACETRONIX LIMITED

We have examined the compliance of conditions of Corporate Governance by Shree Pacetronix Limited for the year ended 31st March, 2014 as stipulated in Clauses 49 of the Listing Agreement with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and management, we certify that the company has complied with the conditions of Corporate Governance applicable as aforesaid.

As required by the Guidance Note issued by the ICAI, on the basis of information and explanations given to us, we have to state that no investor grievances were pending for a period of one month.

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

For: S. R. Naredi & Co
Chartered Accountants
Firm Reg. No. 002818C

CA S. R. Naredi)
Proprietor
M.No. 72014

Place: Pithampur
Dated: 31st July, 2014

INDEPENDENT AUDITORS' REPORT

To the members of Shree Pacetronix Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Shree Pacetronix Limited, ("the company") which comprise the Balance Sheet as at 31st March 2014 and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) order, 2003 ("the order") as amended issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in an Annexure a statement on the matters specified in paragraph 4 and 5 of the order .
8. As required by Section 227(3) of the Act, we report that:
 - a) 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;
 - b) 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.
 - c) The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
 - d) In our Opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in of Section 211(3C) of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act 2013. And
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as director in terms of Section 274(1) (g) of the Companies Act, 1956.

For: S. R. Naredi & Co
Chartered Accountants
Registration No. 002818C
S. R. Naredi
Proprietor
M.No. 72014

Place: Indore
Dated: 30th May, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Shree Pacetronix Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is generally maintaining 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 having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification. In our opinion, the frequency of verification is reasonable.
(c) In our opinion, and according to the information and explanations given to us, substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (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, the procedures of physical verification of inventory followed by the Management are 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 the inventory records, in our opinion, the Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted / taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(a), (b), (c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into 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 such contracts or arrangements entered into the register maintained under section 301 of the Act and exceeding the value of Rupees Five Lakhs 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 and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the internal audit system of the company is required to be further strengthened to 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 in respect of manufacturing activities of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing statutory dues in respect of provident fund, employees' state insurance, income tax, service tax, customs duty, excise duty, value added tax and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.

- (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 (₹ in Lacs)	Period (Assessment Year)
1	Income Tax	Tribuna Tribunal	₹ 1.35	2003-04
2	Income Tax	Tribuna Tribunal	₹ 1.45	2004-05

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred 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. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. The Company has given guarantee for loans taken by others from banks or financial institutions during the year. In our opinion, and according to the information and explanations given to us, the terms and conditions of guarantee given are not prejudicial to the interest of the company.
- xvi. The Company has not taken term loan from bank during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4 (xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For : S.R.Naredi & Co.
Chartered Accountants
Registration No. 002818C

Place: INDORE
Date : 30th May 2014

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

BALANCE SHEET AS AT MARCH 31ST ,2014

(In INR ₹)

Particulars	Note	As at March 31st, 2014	As at March 31st ,2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	35,994,000	35,994,000
Reserves and surplus	3	18,797,680	16,604,791
Non-current liabilities			
Long-term borrowings	4	928,090	2,505,434
Other long term liabilities	5	298,500	-
Deferred tax liability (net)		1,414,670	746,260
Current liabilities			
Short-term borrowings	6	18,959,943	20,209,219
Trade payables	7	2,154,786	4,487,637
Other current liabilities	8	6,891,874	6,764,526
Short term provisions	9	2,823,581	2,532,202
Total		88,263,124	89,844,069
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10.1	27,524,848	27,754,580
Intangible assets	10.2	3,425,671	3,805,200
Non-current Investements	11	8,000,000	8,000,000
Long-term loans and advances	12	1,202,588	1,055,883
Other non-current assets	13	130,178	259,011
Current assets			
Inventories	14	26,428,920	25,591,149
Trade receivables	15	17,784,844	14,204,116
Cash and bank balances	16	1,076,037	3,341,496
Short-term loans and advances	17	2,577,930	5,020,952
Other current assets	18	112,108	811,682
Total		88,263,124	89,844,069

The notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

Statement of Profit and Loss Year Ended March 31st ,2014

(In INR ₹)

Particulars	Note	Year Ended March 31st ,2014	Year Ended March 31st ,2013
REVENUE			
Revenue from operations (net)	19	68,321,530	60,561,465
Other income	20	100,344	431,728
Total revenue		68,421,874	60,993,193
EXPENDITURE			
Cost of materials consumed	21	21,910,899	16,123,349
Changes in inventories of finished goods and work-in-progress and stock-in-trade	22	(1,960,308)	1,141,782
Employee benefits expense	23	15,625,777	15,595,764
Finance costs	24	4,218,759	3,779,077
Depreciation and amortisation expense		5,146,509	5,315,558
Other expenses	25	20,201,955	17,282,744
Total expenses		65,143,591	59,238,274
Profit before tax		3,278,283	1,754,919
Tax expense			
Current tax		416,984	136,251
Deferred tax		668,410	470,250
Profit for the year		2,192,889	1,148,418
Earnings per equity share (Refer note 26)			
Basic (in ₹)		0.61	0.32
Diluted (in ₹)		0.61	0.32

The notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

CASH FLOW STATEMENT AS AT MARCH 31ST, 2014

(In INR ₹)

Particulars	As at March 31st, 2014	As at March 31st, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss	3278283	1754919
Adjusted for:		
Depreciation and Amortisation Expense	5146509	5315558
Interest Income	-100344	-431728
Interest paid	4218759	3779077
	<u>9264924</u>	<u>8662907</u>
Operating Profit before Working Capital Changes	12543207	10417826
Adjusted for:		
Trade & other Receivables	-151164	9022461
Inventories	-837771	-10852094
Trade & Other Payables	-339229	-1118036
	<u>-1328164</u>	<u>-2947669</u>
Cash Generated from Operations	11215043	7470157
Taxes Paid	-397624	-164751
	<u>-397624</u>	<u>-164751</u>
NET CASH FROM OPERATING ACTIVITIES	<u>10817419</u>	<u>7305406</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets		
Purchase of Fixed Assets	-4537248	-3842125
Interest Income	100344	431728
NET CASH FROM INVESTING ACTIVITIES	<u>-4436904</u>	<u>-3410397</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issued Share capital		
Proceeds from Long Term Borrowings (Net)	-1278844	-2967309
Proceeds from Short Term Borrowings (Net)	-3148371	410735
Interest Paid	-4218759	-3779077
NET CASH (USED IN) FINANCING ACTIVITIES	<u>-8645974</u>	<u>-6335651</u>
Net Increase/Decrease (-) in Cash and Cash Equivalents	-2265459	-2440642
Opening Balance of Cash and Cash Equivalents	3341496	5782138
Closing Balance of Cash and Cash Equivalents	<u>1076037</u>	<u>3341496</u>

As per our report of even date attached
For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

Notes to the financial statements as of and for the year ended March 31, 2014

1. Significant accounting policies

a) Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on an accrual basis of accounting and in accordance with generally accepted accounting principles, Accounting Standards notified under section 211(3C) of the Act read with the Companies Act 1956, and relevant provision thereof.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

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) Revenue recognition

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

d) Tangible and intangible assets

Tangible and intangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable costs for self constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

e) Depreciation / amortization

- i. Depreciation on fixed assets are provided on WDV Method at the rates and in manner as prescribed under Schedule XIV to the Companies Act, 1956.
- ii. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- iii. Technology purchased has been amortized over the period of ten years. Amortization is done on straight line basis.

f) Impairment of assets

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

g) Foreign currency transaction

Foreign currency transactions are initially accounted at the exchange rates prevailing on the date of the transactions. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of monetary items are recognised in the Statement of Profit and Loss.

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 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) Inventories

Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formulae used are "Weighted Average Method". Cost of Work in Progress and Finished Goods is determined on absorption costing method. Inventories are valued as follows:

- | | | |
|--|---|--|
| i) Raw Materials, Stores & Spares,
Packing Materials, Consumables | : | At Cost or net realisable value whichever is lower |
| ii) Finished Goods | : | At cost or net realizable value whichever is lower. |
| iii) Traded goods | : | At cost or net realizable value whichever is lower |
| iv) Stock in Process | : | At cost including related overheads or net realisable value whichever is lower |

j) Retirement Benefits

- i) 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.
- ii) 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 ₹13.77 Lacs (Previous Year ₹ 12.09 Lacs) remain outstanding which is computed based on Projected Unit Credit Method and company has made provision of gratuity ₹ 1.69 Lacs (Previous Year ₹ 1.65 Lacs)

k) Taxation

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

l) 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.

m) Earnings per share

Basic earnings 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 share and also weighted average number of equity shares that could have been issued upon conversion of all dilutive equity share.

n) Investments

Investments are classified either long term based on Manangement's intention at the time of purchase. Long Term Investment are stated at cost. Provision for dimunition in the value of long-term investment is not made only if such a decline is temporary.

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

Notes to the financial statements as of and for the year ended March 31, 2014

(In INR ₹)

Particulars	As at March 31st, 2014	As at March 31st, 2013
2 Share capital		
Authorised		
50,00,000 (Previous year: 50,00,000) equity shares of ₹10 each	50,000,000	50,000,000
Issued, subscribed and paid up		
35,99,400 (Previous year: 35,99,400) equity shares of ₹10 each fully paid up	35,994,000	35,994,000
	35,994,000	35,994,000

(a) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Reconciliation of number of shares

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of shares	(In INR ₹)	No. of shares	(In INR ₹)
Balance as at the beginning of the year	3,599,400	35,994,000	3,599,400	35,994,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	3,599,400	35,994,000	3,599,400	35,994,000

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	Percentage holding As at March 31, 2014	Percentage holding As at March 31, 2013
Mr. Atul Kumar Sethi 675606 (Previous year: 614256) shares of ₹10 each	18.77%	17.07%
Mrs. Manmohini Kaur 430558 (Previous year: 430558) shares of ₹10 each	11.96%	11.96%
Bio Pace Technology 295432 (Previous year: 295432) shares of ₹10 each	8.21%	8.21%
Mathew Samul Kalarickal 326639 (Previous year: 326115) shares of ₹10 each	9.07%	9.06%

3 Reserves and surplus**Capital investment subsidy**

Balance as at the beginning of the year	1,500,000	1,500,000
Balance as at the end of the year	1,500,000	1,500,000

Securities Premium

Balance as at the beginning of the year	4,673,108	4,673,108
Balance as at the end of the year	4,673,108	4,673,108

Surplus / (Deficit) in Statement of Profit and Loss

Balance as at the beginning of the year	10,431,683	9,283,265
Profit for the year	2,192,889	1,148,418
Balance at the end of the year	12,624,572	10,431,683
	18,797,680	16,604,791

4 Long-term Borrowings**Term loan - Secured**

Bank of India	-	2,119,398.00
HDFC Bank (Vehicle loan)	-	386,036.00
Reliance Capital Ltd (Car)	389,318.00	-
Reliance Capital Ltd (Car)	189,251.00	-
Reliance Capital Ltd (Vehicle loan)	349,521.00	-
	928,090.00	2,505,434.00

Nature of security :

Secured loans

1 Term loans from Reliance Capital Ltd is secured by hypothecation of cars and vehicle.

Maturity profile of long term borrowings**Secured loans**

2014-15	-	2,505,434
2015-16	574,909	-
2016-17	353,181	-
	928,091	2,505,434

Notes to the financial statements as of and for the year ended March 31, 2014

(In INR ₹)

Particulars	As at March 31st, 2014	As at March 31st, 2013
5 Other long-term liabilities		
Deposit from customers	298,500	-
	298,500	-
6 Short-term borrowings		
A. Unsecured Loan		
Tata Capitals Ltd	459,631	-
B. WORKING CAPITAL LOAN		
Bank of india (Secured)	18,500,312	19,897,132
ICICI Bank Ltd (unsecured)	-	312,087
	18,959,943	20,209,219
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. and book debts both present and future. 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.		
7 Trade payables		
Micro, small and medium enterprises	380,342	531,167
Others	1,774,444	3,956,470
	2,154,786	4,487,637
8 Other current liabilities		
Unclaimed Dividend	262,030	262,030
Current maturities of long term debts*	884,541	2,783,636
Advance from customers	333,020	-
Statutory dues (including provident fund and tax deducted at source)	463,168	330,341
Other payables	4,949,115	3,388,519
	6,891,874	6,764,526
Nature of security:		
* It includes Car loan and vehicle loan from Reliance Capital Ltd to be repayable within a period of year. Disclosures relating to nature of security and terms of repayment are same as provided in long term borrowings.		
9 Short-term provisions		
Provision for Employee benefits	2,164,981	2,197,802
Provision for income tax	658,600	334,400
	2,823,581	2,532,202

10.1 Tangible assets

PARTICULARS	Gross Block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	Up to March 31, 2013	For the Year	Deductions/ Adjustments	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Lease Hold Land	193,350	-	-	193,350	-	-	-	-	193,350	193,350
Buildings	14,329,375	-	-	14,329,375	7,127,805	720,157	-	7,847,962	6,481,413	7,201,570
Plant & Machineries	44,163,204	3,772,491	-	47,935,695	28,338,390	2,411,560	-	30,749,950	17,185,745	15,824,814
Furniture & Fixture	3,398,428	13,900	-	3,412,328	2,842,821	102,474	-	2,945,295	467,033	555,607
Vehicles	7,053,440	-	-	7,053,440	3,888,013	819,529	-	4,707,542	2,345,898	3,165,427
Office Equipments	1,478,785	-	-	1,478,785	931,692	76,101	-	1,007,793	470,992	547,093
Computers	3,058,582	274,957	-	3,333,539	2,791,863	161,259	-	2,953,122	380,417	266,719
Temporary Shed	245,392	-	-	245,392	245,392	-	-	245,392	-	-
Total	73,920,556	4,061,348	-	77,981,904	46,165,976	4,291,080	-	50,457,056	27,524,848	27,754,580
Previous year	70,078,431	3,842,125	-	73,920,556	41,658,909	4,507,067	-	46,165,976	27,754,580	28,419,522

10.2 Intangible assets

PARTICULARS	Gross Block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	Up to March 31, 2013	For the Year	Deductions/ Adjustments	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Technolgy Purchase	8,084,914	-	-	8,084,914	4,279,714	808,491	-	5,088,205	2,996,709	3,805,200
Software	-	475,900	-	475,900	-	46,938	-	46,938	428,962	-
Total	8,084,914	475,900	-	8,560,814	4,279,714	855,429	-	5,135,143	3,425,671	3,805,200
Previous year	8,084,914	-	-	8,084,914	3,471,223	808,491	-	4,279,714	3,805,200	4,613,691

Notes On Financial Statements for the year ended 31.03.2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
11 Non Current Investments (Long Term Investment) In Equity Shares of Subsidiary Company 800000 fully paid up equity shares of ₹ 10/- each of Shree Coratomic Ltd.(Unquoted)	8,000,000 8,000,000	8,000,000 8,000,000
12 Long-term loans and advances (Unsecured, considered good unless stated otherwise) Security and other deposits	1,202,588 1,202,588	1,055,883 1,055,883
13 Other non-current assets Deposit with banks exceeding 12 months maturity	130,178 130,178	259,011 259,011
14 Inventories Finished goods Stock-in-process Raw materials	5,026,633 3,951,272 17,451,015 26,428,920	4,248,500 2,769,097 18,573,552 25,591,149
15 Trade receivables Unsecured, considered good Outstanding for a period exceeding six months from the date they are due for payment Others	3,127,334 14,657,510 17,784,844	4,826,411 9,377,705 14,204,116
16 Cash and bank balances Cash and cash equivalents Cash on hand Balance with banks in current accounts Other bank balances Bank of India - Dividend Fixed Deposits with banks* (lien marked with bank against bank guarantee)	34,788 - 262,030 779,219 1,076,037	578,504 20,000 262,030 2,480,962 3,341,496
17 Short-term loans and advances (Unsecured, considered good unless stated otherwise) Advance to vendors Advances recoverable in cash or kind Advance income tax	1,697,543 69,504 810,883 2,577,930	4,375,416 80,201 565,335 5,020,952
18 Other current assets (Unsecured, considered good) Accrued Interest on Fixed Deposit with Banks	112,108 112,108	811,682 811,682
19 Revenue from operations Sale of products Less: Vat on Purchase VAT PAID Other Operating Income Technology Fees Received Others	67,927,699 108,714 2,631,373 65,187,612 3,069,218 64,700 3,133,918 68,321,530	62,869,704 2,347,153 46,606 60,475,945 - 85,520 85,520 60,561,465
20 Other income Interest received	100,344 100,344	431,728 431,728
21 Cost of materials consumed Inventory at the beginning of the year Add: Purchases Less: Inventory at the end of the year	18,573,552 20,788,362 17,451,015 21,910,899	6,579,676 28,117,225 18,573,552 16,123,349

Notes On Financial Statements for the year ended 31.03.2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
22 Changes in inventories of finished goods and work-in-progress and stock-in-trade		
Inventory at the beginning of the year (a)		
Finished goods	4,248,500	5,230,460
Stock in process	2,769,097	2,928,919
	<u>7,017,597</u>	<u>8,159,379</u>
Inventory at the end of the year (b)		
Finished goods	5,026,633	4,248,500
Stock in process	3,951,272	2,769,097
	<u>8,977,905</u>	<u>7,017,597</u>
(a) - (b)	1,960,308	(1,141,782)
23 Employee benefits expense		
Salaries and wages	14,997,854	15,014,997
Contribution to provident and other funds	448,112	448,906
Staff welfare expenses	179,811	131,861
	<u>15,625,777</u>	<u>15,595,764</u>
24 Finance costs		
Interest on term loan	671,539	952,379
Interest-others	3,547,220	2,826,698
	<u>4,218,759</u>	<u>3,779,077</u>
25 Other expenses		
Manufacturing expenses (a)		
Consumables	98,696	201,805
Entry tax	372,198	532,575
Exchange difference (net)	319,402	576,009
Freight inward	317,086	464,925
Insurance	157,269	90,687
Job Work & Labour Charges	831,722	717,384
Laboratory Expenses	334,986	134,853
Lease rent and development charges	32,708	16,875
Power, fuel and water	842,535	876,222
Repairs to Others	104,862	123,780
Repairs to buildings	332,040	173,006
Repairs to plant and equipments	827,044	411,131
Fees for Technical Services	701,771	161,930
	<u>5,272,319</u>	<u>4,481,182</u>
Selling and distribution expenses (b)		
Advertisement expenses	30,941	41,093
Packing materials	149,473	218,437
Commission	256,400	197,220
Conference Fees	116,346	20,720
Implantation Charges	2,207,817	1,505,946
Travelling expenses	4,266,173	3,226,404
Freight outward	331,011	347,499
Selling and business promotion expenses	3,414,206	2,857,403
	<u>10,772,367</u>	<u>8,414,722</u>
	116000.00	
Establishment Expenses (c)		
Auditor's remuneration	173,000	116,000
Bank charges	349,277	272,918
Conveyance	68,452	104,310
Courier and postage charges	60,195	69,159
Legal and professional charges	1,046,480	995,588
Misc. expenses	490,230	475,678
Printing and stationery	204,968	267,867
Rates and taxes	84,283	176,597
Rent	722,400	677,100
Telephone and fax charges	235,619	249,791
VAT and Sales Tax	35,598	51,408
Vehicle running & Mainenance Expenses	686,767	655,408
Donation	-	50,000
Debit / Credit balance W/off	-	225,016
	<u>4,157,269</u>	<u>4,386,840</u>
(a)+(b)+(c)	20,201,955	17,282,744

Notes On Financial Statements for the year ended 31.03.2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
26 Earnings per share		
Profit after tax (a)	2,192,889	1,148,419
Weighted average number of equity shares outstanding (b)	3,599,400	3,599,400
Nominal value of an equity share	10	10
Earnings per share		
Basic [(a) / (b)]	0.61	0.32
Diluted [(a) / (c)]	0.61	0.32
27 Contingent liabilities		
Guarantees given to banks	-	3,760,000
The disputed demand of income tax	280,000	280,000
	280,000	4,040,000
28 CIF value of imports		
Raw materials	15,895,355	24,371,394
Capital goods	1,978,470	-
	17,873,825	24,371,394
29 Expenditure in foreign currency		
Foreign travel	620,250	327,893
Fees for Technical Services	394,388	161,930
	1,014,638	489,823
30 Earnings in foreign currency		
Export sales	8,257,205	5,260,961
Technology fees received	3,068,218	-
	11,325,423	5,260,961
31 Payment to auditors		
For statutory audit	87,000	81,000
For tax audit	12,000	10,000
For Other Services	74,000	25,000
	173,000	116,000
32 Details of consumption and purchases		
(a) Details of raw materials consumed	21,910,899	16123349
(b) Value of imported and indigeneous materials consumed		
Raw materials:		
Imported	18,842,628	14,335,315
Indigenous	3,068,271	1,788,034
33 Segment reporting		

A. Primary segment

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 segment

Particulars *	India	Rest of the world	Total
i) Segment revenue	56,996,107 (55,300,504)	11,325,423 (5,260,961)	68,321,530 (60,561,465)
ii) Carrying cost of segment assets	87,918,354 (89,614,731)	344,770 (344,770)	88,263,124 (89,844,069)
iii) Addition to Fixed Assets	4,537,248 (3,842,125)	- -	4,537,248 (3,842,125)

* Previous year's figures are shown under brackets.

34 Related party disclosures

As per accounting standard-18 'Related Party Disclosures' as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

A. Subsidiary Company

Shree Coratomic Ltd

B. Key management personnel and relatives of such personnel

(I) Key Management Personnel

Atul Kumar Sethi

Amita Sethi

Vikas Gokhale

Managing Director

Whole time Director

Whole time Director

(II) Relatives of Key Management personnel and their enterprises where transactions have taken place

Smt Heera Sethi
Mrs. Yamini Gokhale

C. Enterprises over which any person mentioned in 'B', is able to exercise significant influence.

Sethi Resins Pvt Ltd

Details of transactions and closing balances

	Year Ended March 31st ,2014	Year Ended March 31st ,2013
Shree Coratomic Ltd		
Sale of Goods	4,461,000	6,217,999
Closing Balance - Receivable	4,468,874	4,748,427
Aul Kumar Sethi		
Director Remuneration	2,630,400	2,630,400
Rent	420,000	420,000
Interest	800,000	
Closing Balance - Payable	1,383,517	762,581
Mrs. Amita Sethi		
Director Remuneration	657,600	657,600
Closing Balance	-	-
Vikas Gokhale		
Director Remuneration	840,000	840,000
Closing Balance - Payable	68,788	-
Mrs. Hira Sethi		
Rent	180,000	180,000
Closing Balance	-	-
Mrs. Yamini Gokhale		
Commission	159,080	-
Closing Balance - Payable	75,819	-

35 Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	Year Ended March 31st ,2014	Year Ended March 31st ,2013
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	380,342	531,167
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding micro and small enterprises has been determined on the basis of information available with the Company.

36 Previous year figures have been reclassified to conform to this year's classification.

As per our attached report of even date

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

**STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(3) AND 212(5)
OF THE COMPANIES ACT , 1956 RELATING TO SUBSIDIARY COMPANY**

(In ₹)

NAME OF SUBSIDIARY COMPANY	SHREE CORATOMIC LIMITED
SHARE CAPITAL	
Authorised Capital	2,00,00,000/-
Paid up Capital	80,07,000/-
RESERVES	-1,53,492
TOTAL ASSETS	1,40,99,266
TOTAL LIABILITIES	62,45,758
DETAILS OF INVESTMENTS	
(except in case of investment in the subsidiaries)	NIL
TURNOVER	1,27,52,624
PROFIT BEFORE TAXATION	1,57,745
PROVISION FOR TAXATION	53,810
PROFIT AFTER TAXATION	1,03,935
PROPOSED DIVIDEND	NIL

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Shree Pacetronix Limited

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of **Shree Pacetronix Limited**, ("the company") Subsidiaries, which comprise the consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
 - b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and,
 - c) In the 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
Registration No. 002818C

Place: Indore
Date : 30th May, 2014

CA S.R. Naredi
Proprietor
Membership No. 72014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31ST ,2014

(in ₹)

Particulars	NOTE	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	35,994,000	35,994,000
Reserves and surplus	3	18,644,321	16,347,588
Minority Interest		6,867	6,775
Non-current liabilities			
Long-term borrowings	4	928,090	2,505,434
Other long term liabilities	5	298,500	-
Deferred tax liability (net)		1,369,500	653,260
Current liabilities			
Short-term borrowings	6	19,584,550	20,209,219
Trade payables	7	3,192,083	6,811,979
Other current liabilities	8	6,976,794	7,210,524
Short term provisions	9	2,853,641	2,708,702
Total		89,848,346	92,447,481
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10.1	27,591,808	27,813,255
Intangible assets	10.2	6,559,005	7,738,534
Non-current Investments	11	-	-
Long-term loans and advances	12	2,088,009	2,009,736
Other non-current assets	13	130,178	259,011
Current assets			
Inventories	14	29,260,099	30,259,871
Trade receivables	15	18,938,803	14,201,786
Cash and bank balances	16	1,213,492	3,715,569
Short-term loans and advances	17	3,954,844	5,638,037
Other current assets	18	112,108	811,682
Total		89,848,346	92,447,481

The notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014

(in ₹)

Particulars	NOTE	Year Ended March 31, 2014	Year Ended March 31, 2013
REVENUE			
Revenue from operations (net)	19	76,613,154	65,068,691
Other income	20	108,428	432,024
Total revenue		76,721,582	65,500,715
EXPENDITURE			
Cost of materials consumed	21	21,910,899	16,123,349
Purchase of Stock In trade		2,307,683	5,844,517
Changes in inventories of finished goods and work-in-progress and stock-in-trade	22	(122,765)	(3,526,940)
Employee benefits expense	23	16,852,509	15,734,696
Finance costs	24	4,323,727	3,893,914
Depreciation and amortisation expense		5,966,513	6,134,170
Other expenses	25	22,046,988	18,679,718
Total expenses		73,285,554	62,883,424
Profit before tax		3,436,028	2,617,291
Tax expense			
Current tax		422,964	175,646
Deferred tax		716,240	737,640
Profit for the year (before adjustment of Minority Interest)		2,296,824	1,704,005
Less: Minority Interest		91	431
Profit / (Loss) for the year (after adjustment of Minority Interest)		2,296,733	1,703,574
Earnings per equity share (Refer note 26)			
Basic (in ₹)		0.64	0.47
Diluted (in ₹)		0.64	0.47

The notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date 6,867 6,775

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

CONSOLIDATED CASH FLOW STATEMENT AS AT MARCH 31ST, 2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax & Extraordinary items as per Statement of Profit & Loss	3436028.00	2617291.00
Adjusted for:		
Depreciation and Amortisation Expense	5966513.00	6134170.00
Interest Income	-108428.00	-432024.00
Interest paid	4323727.00	3893914.00
	<u>10181812.00</u>	<u>9596060.00</u>
Operating Profit before Working Capital Changes	13617840.00	12213351.00
Adjusted for:		
Trade & other Receivables	-1968790.00	9580928.00
Inventories	999772.00	-15520816.00
Trade & Other Payables	-1987351.00	1576880.00
	<u>-2956369.00</u>	<u>-4363008.00</u>
Cash Generated from Operations	10661471.00	7850343.00
Taxes Paid	-580104.00	-204146.00
	<u>-580104.00</u>	<u>-204146.00</u>
NET CASH FROM OPERATING ACTIVITIES	<u>10081367.00</u>	<u>7646197.00</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets		
Purchase of Fixed Assets	-4565537.00	-3842125.00
Interest Income	108428.00	432024.00
	<u>-4457109.00</u>	<u>-3410101.00</u>
NET CASH FROM INVESTING ACTIVITIES	<u>-4457109.00</u>	<u>-3410101.00</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issued Share capital		
Proceeds from Long Term Borrowings (Net)	-1278844.00	-2967309.00
Proceeds from Short Term Borrowings (Net)	-2523764.00	277169.00
Interest Paid	-4323727.00	-3893914.00
	<u>-8126335.00</u>	<u>-6584054.00</u>
NET CASH (USED IN) FINANCING ACTIVITIES	<u>-8126335.00</u>	<u>-6584054.00</u>
Net Increase / Decrease (-) in Cash and Cash Equivalents	-2502077.00	-2347958.00
Opening Balance of Cash and Cash Equivalents	3715569.00	6063527.00
Closing Balance of Cash and Cash Equivalents	<u>1213492.00</u>	<u>3715569.00</u>

As per our report of even date attached

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

Notes to the financial statements as of and for the year ended March 31, 2014**1. Consolidated Significant accounting policies****a) Principle of consolidation :**

- I. The financial statements of the parent company and its subsidiary have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and the unrealized profit/loss on intra-group transactions, 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 and presented in the same manner as the company's separate financial statements.
- 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. Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- V. Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and equity of the company's shareholders.

b) Basis of preparation of financial statements

The Consolidated financial statements are prepared and presented in accordance with the Indian Generally Accepted Accounting Principle("GAAP") under historical cost convention on an actual basis. GAAP comprises accounting Standards notified under section 211(3C) of the Act read with the Companies Act 1956, relevant provision thereof and guidelines by Securities and Exchange Board of India.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

c) 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.

d) Revenue recognition

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

e) Tangible and intangible assets

Tangible and intangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable costs for self constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

f) Depreciation / amortization

- i. Depreciation on fixed assets are provided on WDV Method at the rates and in manner as prescribed under Schedule XIV to the Companies Act, 1956.
- ii. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis.
- iii. Technology purchased has been amortized over the period of ten years .Amortization is done on straight line basis.

g) 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.

h) Foreign currency transaction

Foreign currency transactions are initially accounted at the exchange rates prevailing on the date of the transactions. Gains and losses arising on account of differences in foreign exchange rates on settlement / translation of monetary items are recognised in the Statement of Profit and Loss.

i) 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 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.

j) Inventories

Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as part of finished goods. Cost formulae used are "Weighted Average Method". Cost of Work in Progress and Finished Goods is determined on absorption costing method. Inventories are valued as follows:

- | | | |
|--|---|--|
| i) Raw Materials, Stores & Spares,
Packing Materials, Consumables | : | At Cost or net realisable value whichever is lower |
| ii) Finished Goods | : | At cost or net realizable value whichever is lower. |
| iii) Traded goods | : | At cost or net realizable value whichever is lower |
| iv) Stock in Process | : | At cost including related overheads or net realisable value whichever is lower |

k) Retirement Benefits

- i) 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.
- ii) 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 13.77 Lacs (Previous Year Rs 12.09 Lacs) remain outstanding which is computed based on Projected Unit Credit Method and company has made provision of gratuity Rs 1.69 Lacs (Previous Year Rs 1.65 Lacs)

l) Taxation

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

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

For and on behalf of the Board of Directors

Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

Notes on Consolidated financial statements as of and for the year ended March 31, 2014

(In INR ₹)

Particulars	As at March 31st, 2014	As at March 31st, 2013
2 Share capital		
Authorised		
50,00,000 (Previous year: 50,00,000) equity shares of ₹10 each	50,000,000	50,000,000
Issued, subscribed and paid up		
35,99,400 (Previous year: 35,99,400) equity shares of Rs.10 each fully paid up	35,994,000	35,994,000
	35,994,000	35,994,000

(a) Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Reconciliation of number of shares

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of shares	(In INR ₹)	No. of shares	(In INR ₹)
Balance as at the beginning of the year	3,599,400	35,994,000	3,599,400	35,994,000
Add: Shares issued during the year	-	-	-	-
Balance at the end of the year	3,599,400	35,994,000	3,599,400	35,994,000

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	Percentage holding As at March 31, 2014	Percentage holding As at March 31, 2013
Mr. Atul Kumar Sethi 675606 (Previous year: 614256) shares of ₹10 each	18.77%	17.07%
Mrs. Manmohini Kaur 430558 (Previous year: 430558) shares of ₹10 each	11.96%	11.96%
Bio Pace Technology 295432 (Previous year: 295432) shares of ₹10 each	8.21%	8.21%
Mathew Samul Kalarickal 326639 (Previous year: 326115) shares of ₹10 each	9.07%	9.06%

3 Reserves and surplus**Capital investment subsidy**

Balance as at the beginning of the year	1,500,000	1,500,000
Balance as at the end of the year	1,500,000	1,500,000

Securities Premium

Balance as at the beginning of the year	4,673,108	4,673,108
Balance as at the end of the year	4,673,108	4,673,108

Surplus / (Deficit) in Statement of Profit and Loss

Balance as at the beginning of the year	10,174,480	8,470,906
Profit for the year	2,296,733	1,703,574
Balance at the end of the year	12,471,213	10,174,480
	18,644,321	16,347,588

4 Long-term Borrowings**Term loan - Secured**

Bank of India	-	2,119,398
HDFC Bank (Vehicle loan)	-	386,036
Reliance Capital Ltd (Car)	389,318	-
Reliance Capital Ltd (Car)	189,251	-
Reliance Capital Ltd (Vehicle loan)	349,521	-
	928,090	2,505,434

Nature of security :

Secured loans

1 Term loans from Reliance Capital Ltd is secured by hypothecation of cars and vehicle.

Maturity profile of long term borrowings**Secured loans**

2014-15	-	2,505,434
2015-16	574,909	-
2016-17	353,181	-
	928,090	2,505,434

Notes to the financial statements as of and for the year ended March 31, 2014

(In INR ₹)

Particulars	As at March 31st, 2014	As at March 31st, 2013
5 Other long-term liabilities		
Deposit from customers	298,500	-
	298,500	-
6 Short-term borrowings		
A. Unsecured Loan		
Tata Capitals Ltd	459,631	-
ICICI Bank Ltd (unsecured)	624,607	-
B. WORKING CAPITAL LOAN		
Bank of india (Secured)	18,500,312	19,897,132
ICICI Bank Ltd (unsecured)	-	312,087
	19,584,550	20,209,219
7 Trade payables		
Micro, small and medium enterprises	1,417,639	2,855,509
Others	1,774,444	3,956,470
	3,192,083	6,811,979
8 Other current liabilities		
Unclaimed Dividend	262,030	262,030
Current maturities of long term debts*	884,541	2,783,636
Advance from customers	333,020	-
Statutory dues (including provident fund and tax deducted at source)	463,168	330,341
Other payables	5,034,035	3,834,517
	6,976,794	7,210,524
Nature of security:		
* It includes Car loan and vehicle loan from Reliance Capital Ltd to be repayable within a period of year. Disclosures relating to nature of security and terms of repayment are same as provided in long term borrowings.		
9 Short-term provisions		
Provision for Employee benefits	2,164,981	2,197,802
Provision for income tax	688,660	510,900
	2,853,641	2,708,702

10.1 Tangible assets

(In INR ₹)

PARTICULARS	Gross Block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	Up to March 31, 2013	For the Year	Deductions/ Adjustments	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Lease Hold Land	193,350	-	-	193,350	-	-	-	-	193,350	193,350
Buildings	14,329,375	-	-	14,329,375	7,127,805	720,157	-	7,847,962	6,481,413	7,201,570
Plant & Machineries	44,163,204	3,772,491	-	47,935,695	28,338,390	2,411,560	-	30,749,950	17,185,745	15,824,814
Furniture & Fixture	3,525,682	20,198	-	3,545,871	2,953,489	106,509	-	3,059,998	485,873	572,193
Vehicles	7,053,440	-	-	7,053,440	3,888,013	819,529	-	4,707,542	2,345,898	3,165,427
Office Equipments	1,591,725	-	-	1,591,725	1,018,670	79,712	-	1,098,382	493,343	573,055
Computers	3,508,175	296,957	-	3,805,132	3,225,329	173,617	-	3,398,946	406,186	282,846
Temporary Shed	245,392	-	-	245,392	245,392	-	-	245,392	-	-
Total	74,610,343	4,089,637	-	78,699,980	46,797,088	4,311,084	-	51,108,172	27,591,808	27,813,255
Previous year	70,078,431	3,842,125	-	73,920,556	41,658,909	4,507,067	-	46,165,976	27,754,580	28,419,522

10.2 Intangible assets

PARTICULARS	Gross Block (at cost)				Depreciation / Amortisation				Net block	
	As at April 1, 2013	Additions	Deductions/ Adjustments	As at March 31, 2014	Up to March 31, 2013	For the Year	Deductions/ Adjustments	Up to March 31, 2014	As at March 31, 2014	As at March 31, 2013
Technolgy Purchase	16,084,914	-	-	16,084,914	8,346,380	1,608,491	-	9,954,871	6,130,043	7,738,534
Software	-	475,900	-	475,900	-	46,938	-	46,938	428,962	-
Total	16,084,914	475,900	-	16,560,814	8,346,380	1,655,429	-	10,001,809	6,559,005	7,738,534
Previous year	8,084,914	-	-	8,084,914	3,471,223	808,491	-	4,279,714	3,805,200	4,613,691

Notes on Consolidated financial statements as of and for the year ended March 31, 2014
(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
12 Long-term loans and advances (Unsecured, considered good unless stated otherwise)		
Security and other deposits	2,088,009	2,009,736
	2,088,009	2,009,736
13 Other non-current assets		
Deposit with banks exceeding 12 months maturity	130,178	259,011
	130,178	259,011
14 Inventories		
Finished goods	5,026,633	4,248,500
Stock-in-process	3,951,272	2,769,097
Raw materials	17,451,015	18,573,552
Stock in Trader	2,831,179	4,668,722
	29,260,099	30,259,871
15 Trade receivables Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	5,810,411	4,457,361
Others	13,128,392	9,744,425
	18,938,803	14,201,786
16 Cash and bank balances Cash and cash equivalents		
Cash on hand	172,243	687,644
Balance with banks in current accounts	-	274,933
Other bank balances		
Bank of India - Dividend	262,030	262,030
Fixed Deposits with banks* (lien marked with bank against bank guarantee)	779,219	2,490,962
	1,213,492	3,715,569
17 Short-term loans and advances (Unsecured, considered good unless stated otherwise)		
Advance to vendors	1,697,543	5,638,037
Advances recoverable in cash or kind	1,446,418	-
Advance income tax	810,883	-
	3,954,844	5,638,037
18 Other current assets (Unsecured, considered good)		
Accrued Interest on Fixed Deposit with Banks	112,108	811,682
	112,108	811,682
19 Revenue from operations		
Sale of products	76,865,313	67,849,900
Less: Vat on Purchase	332,880	2,562,449
VAT PAID	3,053,197	304,280
	73,479,236	64,983,171
Other Operating Income	3,069,218	-
Technology Fees Received	64,700	85,520
Others	3,133,918	85,520
	76,613,154	65,068,691
20 Other income		
Interest received	108,428	432,024
	108,428	432,024
21 Cost of materials consumed		
Inventory at the beginning of the year	18,573,552	6,579,676
Add: Purchases	20,788,362	28,117,225
Less: Inventory at the end of the year	17,451,015	18,573,552
	21,910,899	16,123,349

Notes On Financial Statements for the year ended 31.03.2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
22 Changes in inventories of finished goods and work-in-progress and stock-in-trade		
Inventory at the beginning of the year (a)		
Finished goods	4,248,500	5,230,460
Stock in process	2,769,097	2,928,919
Stock in Trade	4,668,722	-
	11,686,319	8,159,379
Inventory at the end of the year (b)		
Finished goods	5,026,633	4,248,500
Stock in process	3,951,272	2,769,097
Stock in Trade	2,831,179	4,668,722
	11,809,084	11,686,319
(a) - (b)	122,765	3,526,940
23 Employee benefits expense		
Salaries and wages	16,191,786	15,153,929
Contribution to provident and other funds	448,112	448,906
Staff welfare expenses	212,611	131,861
	16,852,509	15,734,696
24 Finance costs		
Interest on term loan	671,539	952,379
Interest-others	3,652,188	2,941,535
	4,323,727	3,893,914
25 Other expenses		
Manufacturing expenses (a)		
Consumables	98,696	201,805
Entry tax	372,198	591,175
Exchange difference (net)	319,402	576,009
Freight inward	317,086	464,925
Insurance	157,269	90,687
Job Work & Labour Charges	831,722	717,384
Laboratory Expenses	334,986	134,853
Lease rent and development charges	32,708	16,875
Power, fuel and water	842,535	876,222
Repairs to Others	104,862	123,780
Repairs to buildings	332,040	173,006
Repairs to plant and equipments	827,044	411,131
Fees for Technical Services	701,771	161,930
	5,272,319	4,539,782
Selling and distribution expenses (b)		
Advertisement expenses	30,941	49,093
Packing materials	149,473	218,437
Commission	256,400	197,220
Conference Fees	116,346	20,720
Implantation Charges	2,406,017	1,792,075
Travelling expenses	4,306,423	3,260,641
Freight outward	331,011	347,499
Selling and business promotion expenses	4,728,763	3,541,670
	12,325,374	9,427,355
	116000.00	
Establishment Expenses (c)		
Auditor's remuneration	198,000	141,000
Bank charges	400,040	309,580
Conveyance	78,426	114,541
Courier and postage charges	60,195	69,159
Legal and professional charges	1,120,980	1,083,888
Misc. expenses	599,636	586,329
Printing and stationery	206,042	270,787
Rates and taxes	98,653	189,579
Rent	722,400	677,100
Telephone and fax charges	235,619	257,192
VAT and Sales Tax	42,537	83,002
Vehicle running & Maintenance Expenses	686,767	655,408
Donation	-	50,000
Debit / Credit balance W/off	-	225,016
	4,449,295	4,712,581
(a)+(b)+(c)	22,046,988	18,679,718

Notes On Financial Statements for the year ended 31.03.2014

(in ₹)

Particulars	As at March 31st ,2014	As at March 31st ,2013
26 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%

27 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.

28 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"

29 Segment reporting**A. Primary segment**

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 segment

Particulars *	India	Rest of the world	Total
i) Segment revenue	65,287,731 (59,807,730)	11,325,423 (5,260,961)	76,613,154 (65,068,691)
ii) Carrying cost of segment assets	89,503,576 (92,102,711)	344,770 (344,770)	89,848,346 (92,447,481)
iii) Addition to Fixed Assets	4,565,537 (3,842,125)	- -	4,565,537 (3,842,125)

* Previous year's figures are shown under brackets.

30 Related party disclosures

As per accounting standard-18 'Related Party Disclosures' as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

A Holding / Subsidiary Company

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

B. Key management personnel and relatives of such personnel**(I) Key Management Personnel**

Atul Kumar Sethi	Managing Director
Amita Sethi	Whole time Director
Vikas Gokhale	Whole time Director

(II) Relatives of Key Management personnel and their enterprises where transactions have taken place

Smt Heera Sethi
Mrs. Yamini Gokhale

C. Enterprises over which any person mentioned in 'B', is able to exercise significant influence. (in ₹)

Sethi Resins Pvt Ltd Details of transactions and closing balances	Year Ended	Year Ended
	March 31st ,2014	March 31st ,2013
Aul Kumar Sethi		
Director Remuneration	2,630,400	2,630,400
Rent	420,000	420,000
Interest	800,000	-
Closing Balance - Payable	1,383,517	762,581
Mrs. Amita Sethi		
Director Remuneration	657,600	657,600
Closing Balance	-	-
Vikas Gokhale		
Director Remuneration	840,000	840,000
Closing Balance - Payable	68,788	-
Mrs. Hira Sethi		
Rent	180,000	180,000
Closing Balance	-	-
Mrs. Yamini Gokhale		
Commission	159,080	-
Closing Balance - Payable	75,819	-
31	Contingent liabilities not provided for :-	
(i) Guarantees given by bank	-	3760000
(ii) The disputed demand on Income Tax	280000	280000

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

33 Previous year figures have been reclassified to conform to this year's classification.

As per our attached report of even date

For **S. R. NAREDI & CO.**
Firm Registration Number: 002818C
Chartered Accountants

For and on behalf of Board of Directors

(CA S. R. Naredi)
Proprietor
Membership Number: 072014



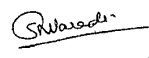
Atul Kumar Sethi
Managing Director

Amita Sethi
Whole time Director

Place : INDORE
DATE : 30.05.2014

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	NAME OF THE COMPANY	SHREE PACETRONIX LIMITED
2	ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED	31 ST MARCH, 2014
3	TYPE OF AUDIT OBSERVATION	NOT APPLICABLE
4	FREQUENCY OF AUDIT OBSERVATION	NOT APPLICABLE
5	TO BE SIGNED BY-	
a)	Atul Kumar Sethi Managing Director	
b)	Hari Mohan Jha Chief Financial Officer	
c)	S.R Naredi & Co. Chartered Accountants	
d)	Sushil Patni Chairman Audit Committee	