

PACT INDUSTRIES LIMITED

303, Hotel the Taksonz,
Opp. Railway Station, G.T. Road, Ludhiana
CIN: L18101PB1993PLC013193 E-MAIL: hotel@hoteltaksonz.com

Financial Highlights – 7 Years at a Glance

(Rs. in Lacs)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Turnover	5024.64	4977.59	4566.50	2042.75	1989.81	1963.68	859.96
Total Income	5047.39	5041.82	4635.95	2042.93	1990.09	1964.73	862.01
Earning Before Depreciation, Interest and Tax	193.43	189.29	139.80	15.66	10.04	44.74	61.54
Depreciation	63.12	66.51	67.33	5.77	6.64	8.00	10.84
Profit before Tax	19.91	12.79	11.92	2.77	2.18	2.10	1.93
Equity Share Capital	594.08	494.08	494.08	494.08	494.08	494.08	494.08
Reserve and Surplus	345.09	268.21	197.04	520.69	512.83	503.60	522.56
Net worth	654.83	541.07	691.12	1014.77	1006.24	997.68	1016.64
Gross Fixed Assets	916.42	879.28	796.01	1159.10	726.44	602.56	612.26
Net fixed Assets	632.09	658.07	641.30	678.99	250.97	133.72	151.42
Total Assets	2252.20	2481.82	2137.78	1878.08	1255.77	1204.82	1570.81

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NOTICE

Notice is hereby given that the 21st Annual General Meeting of the Members of the Company will be held on Tuesday the 30th day of September, 2014 at 01.00 P.M. at 303, Hotel The Taksonz, Opp. Railway Station, Ludhiana to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors and Compliance Certificate thereon.
2. To appoint a director in place of Sh. Gurdeep Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Sh. Amandeep Singh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s. Rajesh Mehru & Co, Chartered Accountants be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 24th Annual General Meeting to be held in the year 2017 (subject to ratification of their appointment by the members at every AGM), at such remuneration as may be agreed upon by the Board of Directors and the Auditors."

SPECIAL BUSINESS

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

"Resolved that pursuant to the provisions of section 92 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Brij K. Tiwari & Associates, Company Secretaries, be and are hereby appointed for the certification of Annual Return of the company for the financial year 2014-15 and to certify all forms or documents required to be filed under the provisions of the act or otherwise and to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration as may be decided by the Board."

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Notes:

1. **A member entitled to attend and vote at his Annual General Meeting is entitle to appoint one/more proxy (ies) to attend instead of himself/herself and such proxy need not be a member of the company. A blank and vote proxy form is enclosed. Proxies in order to be effective must be with the company duly executed not less then 48 hours before the commencement of Annual General Meeting at the registered office of the company.**
2. Member/proxies should bring the attendance slip duly filled in Annual General Meeting.
3. Members are requested to notify any changes in their residential address immediately to the company.
4. The share transfer books & register of the share transfer shall remain closed form Friday the 26th Sep, 2014 to Tuesday 30th Sep, 2014(both days inclusive).
5. Members are requested to bring their copy of Annual Report along with them to the meeting.
6. Members are requested to quote their Folio No. in all their correspondence with the company.
7. Members desiring any information on the accounts or other items of the agenda are requested to write to company at least 7 days before the Annual General Meeting so that management may keep the information ready.
8. Member may kindly note that no gift will be distributed at the Annual General Meeting.

**BY THE ORDER OF THE BOARD
For Pact Industries Limited**

Director

Avtar Singh
DIN: 00570465

H.No 754, Kartar Complex,
G.T.Road, Jalandhar Bypass,

Mg. Director

Harpreet Singh
DIN: 00570541

H.No. 754, Kartar Complex,
G.T.Road, Jalandhar Bypass,
Ludhiana
Ludhiana

PLACE: LUDHIANA

DATE: 05th September, 2014

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 5

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

Your board recommends the resolution mentioned under item no. 5 for your approval.

None of the directors is interested.

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

(FIGURES IN LACS)

PARTICULARS	Year end 31.03.2013	Year ended 31.03.2014
Turnover & Other Incomes	5041.82	5047.39
Profit before interest & Dep.	189.29	193.43
Interest	109.99	110.40
Depreciation	66.51	63.12
Profit before Tax	12.79	19.91
Provision for tax (including deferred tax liab.)	4.28	6.15
Profit after tax	8.51	13.76
Less: Income tax of previous years	0.00	0.00
Adjustments/ Losses	0.00	0.00
Transfer to General Reserve	0.00	0.00
Balance carried forward from earlier year (Net of Deferred tax liabilities)	15.43	20.09
Carried to Balance Sheet	20.09	33.85

MANAGEMENT DISCUSSIONS AND ANALYSIS OVERVIEW:

a) Business:

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

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

b) Financial Analysis and Review of Operations:

• PRODUCTION AND SALES REVIEW :

During the year under review, Company has registered a turnover of Rs. 5047.39 lacs as compared to Rs.5041.82 lacs showing growth over the previous year's turnover. The business- wise performance is as under:

i) Fabric & cloth: During the year, the Sales of processed fabric increased from 2035.99 lacs to 2280.27 lacs showing good growth over the previous year. The Production of processed fabric also increased during the year. Besides this during the year the Company has undertaken fabrication of outside parties although fabrication of knitted cloth has decreased.

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

iii) Steel:- During the year, the Sales of Ingots (Steel) decreased from 3005.83 lacs to 2744.37 lacs. Decrease in turnover is due to instability in the steel industry. The Board of directors expects better results in future.

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• PROFITABILITY:

During 2013-14, the company generated EBIDT of Rs. 193.43 Lacs as compared to Rs. 189.29 Lacs in the previous year registering an annualized increase of 2.19 per cent on a year to year basis.

RESOURCES UTILISATION:

i) Fixed Assets: the Company's gross block stood at Rs. 916.42 Lacs on March 31, 2014 as compared with Rs. 879.28 Lacs as at March 31, 2013.

ii) Working Capital: The Company makes aggressive purchases of raw material with a seasonal availability to capitalize on cyclical opportunity. This translates into a large raw material inventory reflected in the numbers drawn on the Balance Sheet date. As a matter of fiscal prudence, the company deploys JIT for all other raw materials. The delivery period of the finished goods may extend over the period of time, depending upon the manufacturing limitations and economics of batch manufacture. As on the balance sheet date, inventories included the stocks dispatched to customers against which the documentary completion was pending. Total working capital limit availed from bank as on date of drawing the balance sheet was at Rs.526.35 Lacs compared to Rs. 658.94 Lacs as on March 31, 2013.

• FINANCIAL CONDITIONS & LIQUIDITY:

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

	2012-13	(Rs. in Lacs) 2013-14
Cash & Cash equivalents:		
Beginning of the year	254.38	170.42
End of the Year	170.42	103.20
Net Cash provided (used) by:		
Operating Activities	-125.31	53.09
Investing Activities	-113.59	-4.99
Financial Activities	154.94	-115.32

d) Internal control System:

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

e) MANAGEMENT perception of Risk & Concern:

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

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

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f) Human Resources / Industrial Relations:

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

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

SUBSIDIARIES

The company does not have any subsidiary.

NO DEFAULT

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

DIVIDENDS

Directors are of the view that as the Expansion Programme has already been announced and to implement the capital-intensive plans together with loan repayment; these shall be made from operating surplus. The reserves & surplus of the Company have been kept intact to facilitate this purpose, so dividends have not been recommended for the year ending 31.03.2014 in the long term interest of the company.

DIRECTORS

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

AUDITORS

At the Annual General Meeting the members will be required to appoint Auditors and fix their remuneration. M/s. RAJESH MEHRU & Co., Chartered Accountants, statutory auditors of the company are retiring at the ensuing Annual General Meeting and are eligible for re-appointment as per certificate furnished pursuant to Sec 139(1) of the Companies Act, 2013. The appointment, if approved, will be for a period of three years as required by Sec 139(1) of the act.

AUDITOR'S REPORT

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

SHARE CAPITAL

The Authorised Capital of the Company is Rs.6,00,00,000 (Rupees Six Crore Only) comprising of 50,00,000 (Fifty Lakh) equity shares of Rs. 10/- each and 10,00,000(Ten Lakh) Redeemable Preference shares of Rs. 10/- each and paid-up Capital of the Company is Rs 5,94,08,000(Rupees Five Crore Ninety four Lakhs Eight Thousand Only) comprising of 49,40,800 (Forty Nine Lakh forty thousand Eight Hundred) equity shares of Rs. 10/- each and 10,00,000(Ten Lakh) Redeemable Preference shares of Rs. 10/- each. During the financial year 2013-14 company has allotted 10,00,000 preference shares of Rs. 10/- each on preferential basis.

APPOINTMENT OF CSP

The board has appointed M/s. Brij K. Tiwari & Associates, Company Secretaries, for providing consultancy services & doing certification of various forms of company. The Compliance Certificate received in accordance with the provisions of Section 383A(1)(a) read with the Companies (Compliance Certificate) Rules, 2001 is annexed to the Directors report. The said Compliance Certificate is Self explanatory and needs no comments. The board hereby confirms that:

-the company has entered into transactions falling u/s. 297 of the Act on cash basis at market price and hence no prior approval of Central Government has been sought.

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- the company has given advances, loans to persons falling u/s. 295 but the same has been given for purchase of land.
- the company has not accepted any deposit falling within the provisions of Section 58A.
- the company has not provided any loan or guarantee as mentioned u/s. 372A.
- the company has complied with the provisions of section 217 of the Act.

COMPLIANCE CERTIFICATE

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

INDUSTRIAL RELATIONS

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

HUMAN RESOURCE DEVELOPMENT

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

PARTICULARS OF EMPLOYEES

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

DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

CORPORATE GOVERNANCE:

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

CODE OF CONDUCT:

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

Declaration affirming compliance of Code of Conduct.

A declaration by the Managing Director affirming compliance of Board members and senior management personnel to the code is mentioned herewith:

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Declaration signed by the Managing Director

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Personnel have confirmed compliance with the code of conduct for the year ended 31st March, 2014.

Place: Ludhiana
Dated: 05th September, 2014
Director

For Pact Industries Limited
(Harpreet Singh)
Managing

ACKNOWLEDGEMENTS

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

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

BY THE ORDER OF THE BOARD
For Pact Industries Limited

Director

Avtar Singh
DIN: 00570465
H.No 754, Kartar Complex,
G.T.Road, Jalandhar Bypass,
Ludhiana

PLACE: LUDHIANA
DATED: 05th September, 2014

Mg. Director

Harpreet Singh
DIN: 00570541
H.No. 754, Kartar Complex,
G.T.Road, Jalandhar Bypass,
Ludhiana

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ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217(1)(e) of Companies Act, 1956 read with the companies (Disclosure of particulars in the report of board of directors) Rules, 1988 and forming part of the directors' report for the period ended March 31, 2014.

1. CONSERVATION OF ENERGY.

Energy conservation measures taken.

a) Installation of electric motors of optimum capacity.
b) Light and air ventilators are used at various places in building for maximum utilization of natural light.

c) Use of energy saving devices for lighting circuits etc.

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

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

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

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

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

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

Sr. No	Particulars	Units	Previous Year	Current Year
2.1	Power and Fuel Consumption			
2.1.1	Electricity			
	a) Purchased			
	Units	KWH	7509330	6842465
	Total amount	Rs.	48920606	48923628
	Rate Per Units	Rs.	6.51	7.15
	b) Own Generation			
	Units	KWH	0	0
	Cost of Diesel	Rs.	0	0
	Cost Per Units	Rs.	0	0
2.1.2	Other/ internal Generation	-	-	-

3. Particulars as per FORM B

1.1 **Research and Development (R&D)**

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

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

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

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

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

Improvement in quality level.

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1.1.3 Future plan of action

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

1.1.4 Expenditure incurred on the R&D

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

2. Technology Absorption, Adaptation & Innovation

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

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

3. Foreign exchange earnings & outgo:

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

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

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

Particulars	Current Year	Previous Year
Earnings	0.00	0.00
Outgo- Raw Material - Capital Goods	\$1510895.39	\$2475572.00
Traveling Expenses	0.00	0.00
Other Expenses	0.00	0.00

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

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

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

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

	Year	Rs.
i)	2013-2014	Nil
ii)	2012-2013	Nil
iii)	2011-2012	Nil
iv)	2010-2011	Nil
v)	2009-2010	Nil

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ANNEXURE TO DIRECTORS' REPORT

Directors' Responsibility Statement pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 and forming part of the Directors' report for the year ended 31st March, 2014.

The Statement of the Directors' responsibility on the annual accounts of the Company for the year ended 31st March, 2014 is given below:

1. That in preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit or loss of the Company for the year ended 31st March, 2014.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

BY THE ORDER OF THE BOARD
For Pact Industries Limited

Director

Avtar Singh
DIN: 00570565

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Mg. Director

Harpreet Singh
DIN: 00570541

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PLACE: LUDHIANA

DATED: 05th September, 2014

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REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY:

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

2. BOARD OF DIRECTORS:

a) Board Meetings:

The board of Directors of the Company comprises of a Chairman, Two Managing Director, a Whole time director and three other Directors.

During the period under review Nine Board Meetings were held on 30.04.13, 20.07.13, 31.07.13, 05.09.13, 31.10.13, 03.12.13, 21.01.14, 31.01.14, 20.03.14.

b) Composition:

Name of Directors	Designation	Category	No. of Other Director ship held in	Membershi p of the Committee	No. of Board Meetings attended	Attendance of Last AGM
			Public Ltd. Company			
S. Avtar Singh	Chairman	Chairman & Promoter	i) Taksonz Developers & Infrastructure Ltd.	0	9	Yes
S. Gurdeep Singh	Mg. Director	Executive Mg. Director & Promoter	i) Taksonz Developers & Infrastructure Ltd.	0	9	Yes
S. Harpreet Singh	Mg. Director	Executive Jt. Mg. Director & Promoter	i) Taksonz Developers & Infrastructure Ltd.	1	9	Yes
S. Amarjit Singh	Independent Director	Director	--	2	7	Yes
S. Narinderjit Singh Sethi	Independent Director	Director	--	2	7	Yes
S. Amandeep Singh*	Independent Director	Director	--	3	9	Yes

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

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

I) Committees of the Board

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

i) Audit Committee

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

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

ii) Share transfer-cum-Investor Grievance Committee

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

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

The Share transfer cum investor grievance Committee is headed by Mg. Director and consists of consists of following Directors:

S. Harpreet Singh : Mg. Director
S. Amandeep Singh : Director

Mg. Director S. Harpreet Singh is the compliance officer.

The Company has an investor base of over 3801 shareholders. During the year under review the total No. of complaints received from them on various subjects was NIL. There is no valid request pending for Share Transfer as at the year end.

REMUNERATION COMMITTEE:

1. S. Amarjit Singh Walia
2. S. Narinderjit Singh Sethi
3. S. Amandeep Singh

DETAIL OF REMUNERATION PAID TO DIRECTORS

Name	Designation	Remuneration				Total
		Basic Salary	Provident fund	Other Benefits	Performance Incentive	
S. Gurdeep Singh	Mg. Director	180000	Nil	Nil	Nil	180000
S. Harpreet Singh	Mg. Director	180000	Nil	Nil	Nil	180000
Total		360000				360000

(III) DETAIL OF SITTING FEES PAID TO DIRECTORS DURING 2013-2014

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

PACT INDUSTRIES LIMITED

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Opp. Railway Station, G.T. Road, Ludhiana
CIN: L18101PB1993PLC013193 E-MAIL: hotel@hoteltaksonz.com

General Body Meetings

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

Financial Year	Date of A.G.M.	Time	Venue
2012-2013	30.09.2013	02.45 P.M.	303, Hotel The Taksonz, opp.Railway Station, Ludhiana
2011-2012	29.09.2012	02.45 P.M.	303, Hotel The Taksonz, opp.Railway Station, Ludhiana
2010-2011	30.09.2011	02.45 P.M.	303, Hotel The Taksonz, opp.Railway Station, Ludhiana

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

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

(IV) Disclosures

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

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

(V) Means of Communication

- The Quarterly/Half-Yearly/Annual Audited Results of the company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors and communicated to the investors through publication in News Papers in English and Vernacular languages.
- Annual Report.
- Management discussion and analysis part of this report is presented in Directors Report.

(VI) General Share Holder Information

(a) Annual General Meeting

As Indicated in the Notice of Annual General Meeting of the Company will be held on 30th September, 2014 at Regd. Office of the Company at 303, Hotel the Taksonz, Opp. Railway Station, Ludhiana.

(b) Financial Calendar

Next Financial year: April 1, 2014 to March 31, 2015

(c) Book Closure

From 26.09.2014 to 30.09.2014 (both days inclusive)

(d) Listing Details

The Share of the Company is listed on:

- Ahmedabad, New Delhi and Ludhiana Stock Exchanges.

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

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(e) Dematerialisation of shares

The company has entered into contracts with NSDL & CDSL for demat of its equity shares and the members requested to get their shares demat. Till the date of this report 35,28,050 shares constituting 59.39 % of the paid up capital are held in dematerialized form.

The ISIN no of the company is INE494K01016.

The Distribution of Company's Shareholding is as follows

Shares or Debenture Holding		No. Of ShareHolders	% of Total Number	Physical Shares		Dem at in NSDL	Demat in CSDL	Total Shares		% Age
				Equity	Preference			Equity	Preference	
Upto	500	3593	94.53	425400	0	2000	200	427600		8.65
501	1000	98	2.58	78000	0	3400	700	82100		1.66
1001	2000	37	0.97	52600	0	1500	2000	56100		1.14
2001	3000	10	0.26	27200	0	0	0	27200		0.55
3001	4000	1	0.03	3400	0	0	0	3400		0.07
4001	5000	16	0.42	77800	0	0	0	77800		1.57
5001	10000	3	0.08	18600	0	0	0	18600		0.38
10001	& Above	43	1.13	729750	1000000	0	3518250	4248000	1000000	85.98
		3801		1412750	1000000	6900	3521150	4940800	1000000	

(f) Transfer of Share

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

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

(g) Market Price Data

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

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

(i) Location of Plant

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

(j) Address for Correspondence

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

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AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To

The Board of Directors
PACT INDUSTRIES LIMITED

We have examined the compliance of conditions of corporate governance by Pact Industries Limited for the year ended on 31st March 2014 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited of procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the directors and managements. We certify that the Company has complied with the conditions of the corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

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

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

PLACE: LUDHIANA
DATED: 05th September 2014

FOR RAJESH MEHRU & CO.
Chartered Accountants

PARTNER

PACT INDUSTRIES LIMITED

303, Hotel the Taksonz,
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CIN: L18101PB1993PLC013193 E-MAIL: hotel@hoteltaksonz.com

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Members of

Pact Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Pact Industries Limited** which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date;
- (c) In the case of Cash Flow Statement for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;
- In our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards referred to in subsection (3c) of section 211 of the companies act, 1956;
- On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

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

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

Ludhiana, September 05, 2014

PACT INDUSTRIES LIMITED

303, Hotel the Taksonz,
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ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

2. In respect of the Company's inventories:

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

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

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

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

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

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

(d) In our opinion and according to the information and explanations give to us. The payment of principal amount and interest in respect to the aforesaid loans is regular. There is no overdue amount of loans taken from Companies, Firms, or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanations given to us, these are adequate internal control procedures commensurate with the size of the company and the nature of its business, with regards to purchase of inventories, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.

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

(a) In our opinion and according to the information and explanations given to us. We are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1961 has been so entered.

(b) In our opinion and according to the information and explanations given to us, there is no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and which exceed Rs. 5.00 Lacs or more in respect of

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each party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.

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

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

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

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

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

b) We are of the opinion that no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.03.2014 for a period of more than six months from the date of they becoming payable.

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

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

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

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

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

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

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

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

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

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

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

20. The Company has not raised any money by way of a public issue during the year ended 31st March, 2014. Therefore the provisions of clause 4(xx) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.

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

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

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

Ludhiana, September 05, 2014

PACT INDUSTRIES LIMITED

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Balance Sheet as on 31.03.2014

S.No.	Particulars	Note	As on 31.03.2014	As on 31.03.2013
	EQUITY AND LIABILITIES			
1.	Shareholder's Funds			
	Authorised Shares Capital 6000000 Shares @ 10/-each		60000000.00	50000000.00
(a)	Shares Capital	1	59408000.00	49480000.00
(b)	Reserves and Surplus	2	34508651.53	26821443.40
2.	Non – Current Liabilities			
(a)	Long Term Borrowing	3	34882528.67	43059431.27
(b)	Deferred Tax Liabilities (Net)		107774.00	78287.00
©	Other Long Term Liabilities		0.00	0.00
3.	Current Liabilities			
(a)	Short Term Borrowing	6	80398563.42	83753166.32
(b)	Trade Payable	7	4909701.51	31716162.85
©	Other Current Liabilities	8	6840000.00	9720000.00
(d)	Short Term Provisions	9	4164759.35	3825672.00
	TOTAL		225219978.48	248182162.84
	ASSETS			
1.	Non – Current Assets			
(a)	Fixed Assets Tangible Assets	10	91642431.92	87928473.92
(b)	Non-Current Investment		0.00	0.00
©	Deferred Tax assets (Net)		0.00	0.00
(d)	Long Term Loans and Advances	11	7188312.43	10403355.50
2.	Current Assets			
(a)	Current Investments		0.00	0.00
(b)	Inventories	12	67606976.00	68414010.00
©	Trade Receivables	13	43013541.33	52069802.17
(d)	Cash and Cash equivalents	14	10320202.88	17041742.88
(e)	Short Term Loan and Advances	15	2306700.00	9182964.45
(f)	Other Current Assets	16	3141813.92	3141813.92
	TOTAL		225219978.48	248182162.84

As per our report attached
For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

----- Sd-----

Rajesh Mehru

Partner

Place: Ludhiana

Dated: 05th September 2014.

----- Sd -----

(Gurdeep singh)

Mg.Director

----- Sd -----

(Harpreet Singh)

Mg.Director

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Profit & Loss Account for the year ended 31.03.2014

S.No.	Particulars	Note	As on 31.03.2014	As on 31.03.2013
1.	Revenue from Operations	17	502463841.60	497758919.90
11.	Other Income	18	2275371.00	6423061.06
111.	Total Revenue:		504739212.60	504181980.96
IV	Expenses:			
	Cost of Materials Consumed			
	Opening Stock of Material		68414010.00	37777635.00
	Add: Purchases		427190847.93	458856595.10
	Less: Closing Stock of Material		67606976.00	68414010.00
			427997881.93	428220220.10
	Manufacturing Expenses	19	53715986.32	52225160.25
	Employee Benefits Expenses	20	1869729.00	2122042.00
	Finance Costs	21	11039992.22	10999358.61
	Administrative Exp.	22	765795.00	1846763.50
	Selling & Distribution Exp.	23	613033.00	175689.00
	Repair & Maintainances	24	434416.00	662384.00
	Depreciation		6311533.90	6651218.80
	Total Expenses		502748367.37	502902836.26
V	Profit before Exceptional and extraordinary items and tax		1990845.23	1279144.70
VI	Exceptional items		0.00	0.00
VII	Profit before extraordinary items and tax		1990845.23	1279144.70
VIII	Extraordinary Items		0.00	0.00
IX	Profit Before Tax		1990845.23	1279144.70
X	Current Tax		585684.00	395256.00
	Deferred Tax		29487.00	32532.00
XI	Profit for the perion from continuing operations		1375674.23	851356.70
XII	Profit from discontinuing operation		0.00	0.00
XIII	Tax Expenses of discontinuing oper		0.00	0.00
XIV	Profit from Discontinuin operation after tax		1375674.23	851356.70
XV	Profit for the period		1375674.23	851356.70

As per our report attached
For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

----- Sd-----

Rajesh Mehru

Partner

Place: Ludhiana

Dated: 05th September 2014.

Mg.Director

----- Sd -----

(Gurdeep singh)

Mg.Director

----- Sd -----

(Harpreet Singh)

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SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2014.

Note- 1 of Share Capital

Particulars	Previous year	Current year
4940800 Equity Share @10/- Each	49408000.00	49408000.00
1000000 Preference Equity Shares @10/- Each	0.00	10000000.00
Total	49408000.00	59408000.00

Notes - 2 of Reserve & Surplus

Particulars	Previous year	Current year
Profit & Loss Account	2009493.43	3385167.66
Capital Reserve	490000.00	490000.00
General Reserve	2200000.00	2200000.00
Depreciation Reserve	22121949.97	28433483.87
Total	26821443.40	34508651.53

Notes-3 of Long Term Borrowing

Particulars	Current year	Previous year
State Bank of India (T/L)	18764450.00	27299078.60
Unsecured Loan	16118078.67	15760352.67
Total	34882528.67	43059431.27

Note-6 of Short Term Borrowing

Particulars	Current year	Previous year
State Bank of Indian C/c	52635469.42	65894882.32
State Bank of Indian L/C	27763094.00	17858284.00
Total	80398563.42	83753166.32

Note-11 Long Term Loan and Advances

Particulars	Current year	Previous year
Electric Security (New Project)	557500.00	557500.00
Electric Security (Sahnewal)	6284503.00	9411278.00
Focus	75320.93	0.00
SBI Mutual Fund	100000.00	100000.00
ECGC Security	34577.50	34577.50
Prepaid Insurance	136411.00	0.00
Security Show room	0.00	300000.00
Total	7188312.43	10403355.50

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS

General Information :

Balance Sheet, Profit & Loss Accounts have been drawn on 31.03.2014 comprising of 12 months. (from 01.04.2013 to 31.03.2014) and previous year figures have been drawn as on 31.03.2013 comprising of 12 months (from 01.04.2012 to 31.03.2013).

Significant Accounting Policies :

a) BASIS OF PREPARATION

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

b) REVENUE RECOGNITION:

Sales:

Revenue from sale of goods is recognized :

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

Interest:

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

Benefit under Duty Entitlement Pass Book Scheme / Duty Drawback Scheme

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

Insurance and Other Claims

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

c) USE OF ESTIMATES

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

d) FIXED ASSETS :

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

e) IMPAIRMENT OF ASSETS:

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The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In respect of goodwill the impairment loss will be reversed only when it was caused by specific external events and their effects have been reversed by subsequent external event..

f) INVENTORIES:

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

g) TAXATION:

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

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

h) FOREIGN CURRENCY TRANSACTIONS :

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

i) EMPLOYEE RETIREMENT BENEFITS :

Provident fund:

Employees receive benefits from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A contribution is made to the provident fund trust is made to the Government's provident fund. During the year Rs 130713.00 have been contributed towards the contribution plan.

j) WRITE OF MISCELLANEOUS EXP :

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

k) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

l) CASH FLOW STATEMENT

PACT INDUSTRIES LIMITED

303, Hotel the Taksonz,

Opp. Railway Station, G.T. Road, Ludhiana

CIN: L18101PB1993PLC013193

E-MAIL: hotel@hoteltaksonz.com

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

m) CASH & CASH EQUIVALENTS

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

Depreciation

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

Investments

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

Borrowing costs

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

Previous Year figures ended on 31.03.2013 have been given and same have been regrouped/rearranged for comparison.

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

Debtors & Creditors Confirmations

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

Operating Expenses

Auditor's remuneration

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

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

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Details of Remuneration paid to Directors

The Directors have been appointed for a period of five years from their respective dates of appointment. The details of remuneration paid to the Executive Directors for the financial year ending 31st March 2014, are as under:

Name of the Director	Salary & Allowances	Amount in Rs) Retirement
Mr Harpreet singh	180000.00	Nil
Mr Gurdeep Singh	180000.00	Nil

Deferred Tax Asset / Liability (Net) :

	Deferred Tax Liability (Assets) as at 01.04.2012	Current Year Charge/Credit	Deferred Tax Liability (Assets) at 31.03.2013
Deferred Tax Laibility	78287.00	29487.00	107774.00

Pursuant to Accounting Standard (AS-22) – Accounting for Taxes on Income. The company has recorded a net accumulative deferred Tax Liability of Rs. 32532.00 up to 31.03.2013. Further impact of deferred tax Liability of Rs.29487.00 for the year ended 31.03.2014 has been debited to Profit & Loss Account making the total exposure of deferred tax Liability Rs. 107774.00 as on year ended 31.03.2014. A detailed bifurcation between current tax and deferred tax charge is made at the year end

Earning per share (EPS) :

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

	<u>Year Ended</u> 31.03.2013	<u>Year Ended</u> 31.03.2014
Profit attributable to the Equity Share Holder Rs.(A)	851429.98	1375674.23
Basic/Weighted Average No. of Equity Share Outstanding during the year	4940800	4940800
(B) Nominal Value of the Equity Share	10.00	10.00
Basic/Earning per Share Rs. (A)/(B)	0.17	0.28

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

C.I.F. value of imports : Particulars USD (\$) Amount in Foreign Currency: \$ 1510895.39
TOTAL C.I.F. VALUE OF IMPORT IN INDIAN CURRENCY : Rs. 10.33 Crore.

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

FOR RAJESH MEHRU & CO.
CHARTERED ACCOUNTANTS

Ludhiana, September 05, 2014

PARTNER

PACT INDUSTRIES LIMITED

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CASH FLOW STATEMENT FOR YEAR ENDED 31.03.2014

PARTICULARS	As at 31 March 2014
CASH FLOWS FROM OPERATING ACTIVITIES	
PROFIT AS PER PROFIT & LOSS ACCOUNT	1990845.23
DEPRECIATION DURING THE YEAR	6311533.90
INCREASE/(DECREASE) IN SUNDRY CREDITORS	-26806461.34
INCREASE/(DECREASE) IN PROVISION & PAYABLE	348659.35
INCREASE/(DECREASE) OTHER CURRENT LAIBILITIES	6840000.00
INCREASE/(DECREASE) IN STOCK	807034.00
INCREASE/(DECREASE) IN SUNDRY DEBTORS	9056260.84
INCREASE/(DECREASE) IN SHORT TERM ADVANCES	6874141.45
INCREASE/(DECREASE) IN OTHER CURRENT ASSETS	0.00
NET CASH USED IN OPERATING ACTIVITIES	5422013.43
LESS TAX EXPENSES	-113133.00
NET CASH USED IN OPERATING ACTIVITIES	5308880.43
CASH FLOWS FROM INVESTING ACTIVITIES	
PURCHASE OF FIXED ASSETS	-3713958.00
INCREASE IN INVESTMENTS	3215043.07
NET CASH USED IN INVESTING ACTIVITIES	(498914.93)
CASH FLOWS FROM FINANCING ACTIVITIES	
PROCEEDS FROM BORROWINGS/(REPAYMENTS)	-11531505.50
NET CASH FROM IN FINANCING ACTIVITIES	(11531505.50)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6721540.00)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17041742.88
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10320202.88

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

REGISTRATION DETAILS

Registration No.	13193	State Code	16
Balance Sheet Date	31-03-2014		

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

Public Issue	N.A	Right Issue	N.A
Bonus Issue	N.A	Private Issue	100.00

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

Total Liabilities	2160.39	Total Assets	2160.39
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Sources of Funds

Paid up Capital	594.08	Reserve & surplus	345.09
Secured Loan	1060.04	Unsecured Loan	161.18

Application of Funds

Net Fixed Assets	916.42	Net Current Assets	1140.67
Investment	71.88	Misc.exp.	31.42

PERFORMANCE OF COMPANY (Rs.In Lacs)

Total Turnover	5047.39	Total Expenditure	5027.48
Profit / loss (Before Tax)	19.91	Profit / Loss after Tax	13.76
Earning Per Share	0.28	Dividend Rate	NIL

GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY

Item code NO.(ITC Code):60052300

Item Code No.:72061010

Product Description Manufacturing of Knitted Fabrics & Steel Ingots

For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

(Rajesh Mehru)
Partner
Place: Ludhiana
Dated:05.09.2014

Director Director