

PACT INDUSTRIES LIMITED

Financial Highlights – 7 Years at a Glance

(Rs. in Lacs)

	2009-10	2008-09	2007-08	2006-07	2005-2006	2004-05	2003-04
Turnover	1989.81	1963.68	859.96	2304.20	2084.61	1803.02	1717.90
Total Income	1990.09	1964.73	862.01	2316.61	2103.75	1805.90	1719.39
Earning Before Depreciation, Interest and Tax	10.04	44.74	61.54	180.22	219.47	200.63	182.44
Depreciation	6.64	8.00	10.84	93.16	104.02	95.76	101.82
Profit after Tax	2.18	2.10	1.93	26.43	66.97	63.22	52.61
Equity Share Capital	494.08	494.08	494.08	494.08	494.08	494.08	494.08
Reserve and Surplus	512.83	503.60	522.56	1318.97	1199.38	1028.39	869.40
Net worth	1006.24	997.68	1016.64	1813.05	1693.46	1522.47	1363.48
Gross Fixed Assets	726.44	602.56	612.26	1314.92	1299.44	1227.31	1221.09
Net fixed Assets	250.97	133.72	151.42	549.70	626.76	658.66	748.19
Total Assets	1255.77	1204.82	1570.81	2652.90	2439.42	2386.75	2044.17

PACT INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of the Company will be held on Thursday the 30th day of September, 2010 at 11.30 A.M. at Kartar Complex G.T. Road, Jalandhar Bye Pass, Ludhiana to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 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. Avtar Singh who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors for the Financial Year 2010-2011 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of Company and to fix their remuneration . M/s Rajesh Mehru & Co., Chartered Accountants the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

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

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

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

"Resolved that pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals, sanctions as may be required from the Reserve Bank of India (RBI) and other authorities under any laws or regulations or guidelines and after such alterations and modifications as may be specified by RBI and such other authorities while according the approval or sanction, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" and includes any committee formed thereof) to mortgage and/or charge, in addition to the existing mortgages/charges created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immovable properties, both present and future of the Company together with the power to make over the management of the business and concern of the Company in certain events of defaults, in favour of the Lender (s), Agent(s) and Trustee(s) for securing the borrowings of the Company availed/to be availed by way of loan(s) including External Commercial Borrowings (ECB) and other mode of External Borrowings and Debentures or other instruments, issued/to be issued by the Company, from time to time on private placement basis or otherwise so however that the overall limit shall not exceed the limit of Rs.25 Crores (Rupees Twenty five crores only) at any point of time excluding interest and other charges..

"Resolved further that for the purpose of giving effect to this resolution, the Board be and is hereby authorized to finalise, settle and execute such documents/deeds/ writings/papers agreements as may be required and to do all such acts, deeds, matters and things, as it may in its discretion deem necessary, proper or desirable."

"Resolved further that all mortgages and/or charges created hitherto by the Board under the authority of resolutions previously passed under the Companies Act, 1956 shall continue to remain in full force and effect without derogating from the same in any manner whatsoever."

PACT INDUSTRIES LIMITED

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

"Resolved that pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Reserve Bank of India and such other authorities under relevant enactments, wherever applicable, the Company hereby accords its consent to the Board of Directors of the Company including committee thereof (hereinafter referred to as "the Board") to borrow any sum or sums of money from time to time from any one or more of the Company's Bankers and/or from any one or more, firms, bodies corporate (Indian or Overseas), financial institutions (Indian or Foreign), Non resident Indians or Foreign Nationals or other persons whether by way of Advance, Deposits, Loans, External Commercial Borrowings (ECB) including other modes of External Borrowings, Debentures or otherwise and whether unsecured or secured notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary working capital loans obtained from 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, that is to say, reserves not set apart for any specific purpose but so however that the total amount upto which the moneys may be borrowed by the Board and outstanding at any point of time shall not exceed in aggregate the limit of Rs.25 Crores (Rupees Twenty five crores only) exclusive of interest and other charges whatsoever connected with the aforesaid loans".

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 Monday, the 27th Sep, 2010 to Thursday 30th Sep, 2010 (both days inclusive).
5. Members are requested to bring their copy of Annual Report along with them to the meeting.
6. Members are requested to quote their Folio No. in all their correspondence with the company.
7. Members desiring any information on the accounts or other items of the agenda are requested to write to company at least 7 days before the Annual General Meeting so that management may keep the information ready.
8. Member may kindly note that no gift will be distributed at the Annual General Meeting.

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

**Sd/-
CHAIRMAN**

**PLACE: LUDHIANA
DATE: 3rd September, 2010**

PACT INDUSTRIES LIMITED

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

Item no. 3

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. 3 for your approval.

None of the directors is interested.

Item no. 5

The company requires funds for expansion of its business. To arrange funds for working capital requirements and also for other business purposes the company approaches bankers for availing credit facilities by mortgaging its assets from time to time. The company is required to obtain approval of its members by way special resolution pursuant section 293(1)(a) for mortgaging its assets for obtaining credit facilities.

For providing any security or giving any guarantee also the company has to mortgage its assets and it is required to obtain the approval of the members by way of special resolution pursuant to section 293(1)(a). Mortgage of assets of company may fall under the category of "otherwise dispose of" under sub-clause (a) of sub-section (1) of section 293.

It is proposed to empower the board to mortgage the assets of the company for availing credit facilities to the tune of Rs.25 Crores. The company is required to obtain approval of members by way special resolution pursuant section 293(1)(a). Hence the resolution at item no. 5 is proposed as a Special Resolution for the approval of the members.

None of the Directors is interested or concerned in the said resolution except as members.

Item No. 6

The company requires funds for expansion of its business. To arrange funds for working capital requirements and also for other business purposes the company approaches bankers for availing credit facilities by mortgaging its assets from time to time. The company is required to obtain approval of its members by way special resolution pursuant section 293(1)(d) for borrowing funds in excess of its paid up capital and free reserves.

Although the company has availed very less credit facilities as compared to its power but keeping in view the future planning of the company the board feels it appropriate to obtain the borrowing powers in advance to run its business smoothly. The company is required to obtain approval of members by way special resolution pursuant section 293(1)(d) for borrowing funds in excess of its paid up capital and free reserves. Hence the resolution at item no. 6 is proposed as a Special Resolution for the approval of the members to authorize the board to borrow funds upto Rs.25 Crores.

None of the Directors is interested or concerned in the said resolution except as members.

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

**PLACE: LUDHIANA
DATE: 3rd September, 2010**

**Sd/-
CHAIRMAN**

PACT INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report on the business and operations of the Company along with audited statements of accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

PARTICULARS	(FIGURES IN LACS)	
	Year ended 31.03.2009	Year ended 31.03.2010
Turnover & Other Incomes	1963.68	1989.81
Profit before interest & Dep.	44.74	10.04
Interest	34.64	1.22
Depreciation	8.00	6.64
Profit before Tax	2.10	2.18
Provision for tax (including deferred tax liab.)	0.00	0.00
Profit after tax	2.10	2.18
Less Prov. of income tax in previous years	4.25	0.00
Adjustments/ Losses	24.80	0.00
Transfer to General Reserve	0.00	0.00
Balance carried forward from earlier year (Net of Deferred tax liabilities)	35.95	8.99
Carried to Balance Sheet	8.99	11.59

MANAGEMENT DISCUSSIONS AND ANALYSIS OVERVIEW:

a) Textile Business:

The company is doing the business of manufacturing and trading of knitted fabrics. The company's turnover and net profit has increased. Facing the stiff competition the company has managed to come out of the blow suffered by it due the fire that took place two years ago.

b) Future strategy:

Keeping in view the future of knitted fabric market the board is exploring other opportunities available. After analyzing various factors the board has decided to establish a new casting and forging unit at Ludhiana. The construction work of casting unit is in progress.

The future of Steel Furnace (casting) in Ludhiana is bright since all the products manufactured 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 materials and specialized labour is easily available in the city.

c) Financial Analysis and Review of Operations:

• PRODUCTION AND SALES REVIEW :

During the year under review, Company has registered a turnover of Rs. 1989.81 lac as compared to Rs.1963.68 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 1963.68 lacs to 1989.81 lacs showing good growth over the previous year. The Production of processed fabric also increased during the year. Besides this during the year the Company has undertaken fabrication of outside parties although fabrication of knitted cloth has decreased.

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

PACT INDUSTRIES LIMITED

- **PROFITABILITY:**

During 2009-10, the company generated EBITD of Rs.10.04 Lacs compared to Rs. 44.74 Lacs in the previous year registering an annualized decrease of 77.56 per cent on a year to year basis.

RESOURCES UTILISATION:

i) **Fixed Assets:** the Company's gross block stood at Rs. 726.44 Lacs on March 31, 2010 as compared with Rs. 602.56 Lacs as at March 31, 2009.

The company has invested Rs.125 lacs for construction of factory building for its casting and forging unit. Our unit will have latest technology and develop a new line of products at reduced costs. It will strengthen the company's cost competitiveness in the international domain.

The company believes that its operations comply in all material respects with applicable environmental laws and regulations.

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 as on date to drawing the balance sheet was at Rs.123.86 Lacs compared to Rs. 72.39 Lacs as on March 31, 2009.

- **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:

	2008-09	(Rs. in Lacs) 2009-10
Cash & Cash equivalents:		
Beginning of the year	99.23	34.24
End of the Year	34.24	14.66
Net Cash provided (used) by:		
Operating Activities	122.80	70.72
Investing Activities	0.00	-128.13
Financial Activities	-187.79	37.84

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.

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.

EXPANSIONS:

During the current Year the Company has started construction of factory building of its iron, steel casting & forging unit. The future of iron & steel products is bright keeping in view the future demand for infrastructure projects and housing sector.

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 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 31.03.2010 in the long term interest of the company.

AUDITORS

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

AUDITOR'S REPORT

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

APPOINTMENT OF CSP

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

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

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

PACT INDUSTRIES LIMITED

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.

ACKNOWLEDGEMENTS

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

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

BY THE ORDER OF THE BOARD

PLACE: LUDHIANA
DATED: 3rd September, 2010

Sd/-
(AVTAR SINGH TAKKAR)
CHAIRMAN

PACT INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per section 217(1)(e) of Companies Act, 1956 read with the companies (Disclosure of particulars in the report of board of directors) Rules, 1988 and forming part of the directors' report for the period ended March 31, 2010.

1. CONSERVATION OF ENERGY.

1.1 Energy conservation measures taken.

Fabrics Division

- 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.

1.2 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 per kg of fabrics and garments 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	40056	53004
	Total amount	Rs.	1,84,262	2,86,222
	Rate Per Units	Rs.	4.60	5.40
	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

3.1 Research and Development (R&D)

The company has adopted a latest technology and has maintained all modern equipments in its R&D laboratories in order 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.

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

Fabrics Division

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

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

Fabrics Division

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

3.1.3 Future plan of action

Fabrics Division

- a) More focus on development of new/ value added products

PACT INDUSTRIES LIMITED

b) Reduction in cost of manufacturing by internal process improvement.

3.1.4 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.

4. Technology Absorption, Adaptation & Innovation

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

A) Fabric Division

Modernization of existing knitting machinery.

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

The company is able to cater to large number of customers with multiple products portfolio.

The manufacturing costs were rationalized towards optimization.

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

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

	Year	Rs.
i)	2009-2010	Nil
ii)	2008-2009	Nil
iii)	2007-2008	Nil
iv)	2006-2007	9,51,355/-
v)	2005-2006	7,90,050/-

5. Foreign exchange earnings & outgo:

5.1 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 presently exporting its products to over 8 countries across the globe. The company is exploring new overseas markets with potential of accepting value added, quantity 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. The Company has also established an overseas office for boosting the exports.

5.2 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	0.00	0.00
Traveling Expenses	0.00	0.00
Other Expenses	0.00	0.00

PACT INDUSTRIES LIMITED

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, 2010.

The Statement of the Directors' responsibility on the annual accounts of the Company for the year ended 31st March, 2010 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, 2010 and of the profit or loss of the Company for the year ended 31st March, 2010.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 in and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

BY THE ORDER OF THE BOARD

PLACE: LUDHIANA
DATED: 3rd September, 2010

Sd/-
(AVTAR SINGH TAKKAR)
CHAIRMAN

PACT INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles, Hosiery Garments 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 Directors and three other Directors.

During the period under review Eleven Board Meetings were held on 30.04.2009, 13.06.2009, 20.07.2009, 31.07.2009, 31.08.2009, 04.09.2009, 31.10.2009, 23.11.2009, 31.01.2010, 04.02.2010 and 22.03.2010.

b) Composition:

Name of Directors	Designation	Category	No. of Other Director ship held in	Membership of the Committee	No. of Board Meetings attended	Attendance of Last AGM
			Public Ltd. Company			
S. Avtar Singh	Chairman	Chairman & Promoter	i) Taksonz Developers & Infrastructure Ltd.	1	10	Yes
S. Gurdeep Singh	Mg. Director	Executive Mg. Director & Promoter	i) Taksonz Developers & Infrastructure Ltd.	0	11	Yes
S. Harpreet Singh	Mg. Director	Executive Jt. Mg. Director & Promoter	i) Taksonz Developers & Infrastructure Ltd.	1	11	Yes
S. Charanpreet Singh	Director	Director & Promoter	--	1	9	Yes
S. Amarjit Singh	Independent Director	Director	--	2	10	Yes
S. Narinderjit Singh Sethi	Independent Director	Director	--	2	10	Yes

PACT INDUSTRIES LIMITED

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

Particulars of Directors being appointed at the Annual General Meeting and Directors retiring by rotation and seeking reappointment have been given in the notice convening the 16th AGM and explanatory Statement attached thereto.

l) 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 : Chairman
S. Avtar 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. Charanpreet Singh : Director

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

The Company has an investor base of over 3802 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
2. Narinderjit Singh Sethi

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
S. Charanpreet Singh	Director	156000	Nil	Nil	Nil	156000
Total		516000				516000

PACT INDUSTRIES LIMITED

(III) DETAIL OF SITTING FEES PAID TO DIRECTORS DURING 2009-2010

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

General Body Meetings

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

Financial Year	Date of A.G.M.	Time	Venue
2008-2009	30.09.2009	11.30 A.M.	Kartar Complex, G.T. Road, Jalandhar Bye Pass, Ludhiana
2007-2008	30.09.2008	11.30 A.M.	Kartar Complex, G.T. Road, Jalandhar Bye Pass, Ludhiana
2006-2007	29.12.2007	11.30 A.M.	Kartar Complex, G.T. Road, Jalandhar Bye Pass, Ludhiana

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

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

(IV) Disclosures

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

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

(V) Means of Communication

- 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, 2010 at Regd. Office of the Company at Kartar Complex G.T. Road, Jalandhar Bye Pass, Ludhiana.

(b) Financial Calendar

Next Financial year: April 1, 2010 to March 31, 2011

(c) Book Closure

From 27.09.2010 to 30.09.2010 (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 Indonext. It will provide better trading facility to the members and public. The board has taken effective steps in this regard.

PACT INDUSTRIES LIMITED

(e) Dematerialisation of shares

The company has entered into contracts with NSDL & CDSL for demat of its equity shares and the members are requested to get there shares demat.

The ISIN no of the company is INE494K01016.

The Distribution of Company's Shareholding is as follows

Category		Physical Form			Dematerialized		
FROM	TO	No. OF SHAREHOLDER	No. OF SHARE	% OF TOTAL CAPITAL	No. OF SHAREHOLDER	No. OF SHARE	% OF TOTAL CAPITAL
Up to	5000	3752	6,37,800	12.91	-	-	-
5001	10000	8	55,000	1.11	-	-	-
10001	20000	1	18,600	0.38	-	-	-
20001	30000	26	5,82,450	11.79	-	-	-
30001	40000	-	-	-	-	-	-
40001	50000	-	-	-	-	-	-
50001	100000	-	-	-	2	134500	2.72
100001	And Above	7	18,96,300	38.38	6	1616150	32.71
	Total	3794	31,90,150	64.57	8	1750650	35.43

(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
123, Vinobapuri, Lajpat Nagar-II, New Delhi- 24

(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 Sahnawal, District Ludhiana.

(j) Address for Correspondence

Pact Industries Limited
Kartar Complex, G.T.Road,
Jalandhar Bye Pass, Ludhiana

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 2010 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited 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: 3rd September 2010

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

**SD/-
PARTNER**

PACT INDUSTRIES LIMITED

AUDITOR'S REPORTS

To

The Shareholders,
M/s PACT INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **M/s Pact Industries Limited** as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation we believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government in India in terms of sub section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we reports that:
 - a) We have obtained all the information and explanation. Which to the best of our knowledge and belief were necessary for the purpose 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 sheets, profit and loss account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the balance sheet profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of copies of Form-DD-A received from directors confirming that they have not incurred disqualification under section 274(1)(g) in respect of companies mentioned therein, in the financial year ending 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) The provisions of section 441A of the Companies Act, 1956 regarding the levy and collection of cess on turnover or gross receipts of the Companies have not yet been notified by the Central Government. Accordingly, we are unable to express our opinion on the compliance of the said section in terms of clause (g) of sub-section (3) of section 227 of the Act.
 - g) Subject to above in our opinion and to the best of our information and according to the explanations given to us, the said account read together with significant accounting policies and other notes thereon the give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India
 - I) In the case of Balance Sheet of the State of affairs of the Company as at 31st March, 2010.
 - II) In the case of profit and loss account of the profit for the year ended on that date:

PLACE : LUDHIANA

DATED : 03.09.2010

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

SD/-

PARTNER

ANNEXURE TO THE AUDITOR'S REPORT (Referred to in Paragraph 3)

-
- (i) (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.
 - (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification of inventories by the management is reasonable.
 - (b) 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.
 - (c) The company have proper records of inventories.
 - (iii) (a) According to the information and explanations given to us, the company has not granted unsecured 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 loan from party's covered in the register maintained under section 301 of the Companies Act, 1956. The amount involved in the transactions for loans is Rs.821447/-
 - (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.
 - (iv) 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, for the 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.
 - (v) (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 each party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
 - (vi) 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.
 - (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
 - (viii) 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.
 - (ix) (a) According to the information and explanations given to us and on an examination of the records of the Company we are of the opinion that the Company has been regular in depositing undisputed statutory dues.
 - (b) According to the information and explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31.03.2010 for a period of more than six months from the date of they becoming payable.

PACT INDUSTRIES LIMITED

- (c) According to the information and explanations given to us, there are no dues of Sale-Tax, Income Tax, Wealth Tax, Excise duty and cess which have not deposited on account of any dispute.
- (x) 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.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to bank and financial institution.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv). 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under section 301 of Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of a public issue during the year ended 31st March, 2010. Therefore the provisions of clause 4(xx) of the Companies (Auditors Report) order, 2003 are not applicable to the Company.
- (xxi) 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.

PLACE: LUDHIANA

DATED: 03.09.2010

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

Sd/-

PARTNER

PACT INDUSTRIES LIMITED

Balance Sheet as on 31.03.2010

Liabilities	Current year	Previous yr.	Assets	Current yr.	Pre.yr.
Authorised capital; 5000000 Equity Shares @ 10/-	50000000.00	50000000.00	Fixed Assets: As per Ann.- E	72644474.90	60256116.60
Subscribed & Paid up Capital : 4940800 Equity Shares @ 10/-	49408000.00	49408000.00	Investment & Securities: As Per Ann.- F	1168379.50	743230.50
Reserve & Surplus: As per Ann.- A	51283042.35	50360348.98	Current Assets Loans & Advances: As per Annex.- G	51697295.00	59482774.95
Secured Loan As Per Ann. – B	21027177.15	18064217.12	Misc.Expenditure: (to the extent not written off or adjusted) Pre-Operative Exp.	66500.00	0.00
Unsecured Loan: Rec.From Directors & Relatives	1098604.67	277157.67			
Current Liabilities: As per Ann.- D	2759825.23	2372398.28			
Total:	125576649.40	120482122.05		125576649.40	120482122.05

Certified in terms of our separate report of
Even date.

For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

(Naresh Singla)
Partner
Place: Ludhiana
Dated; 03.09.2010

(Gurdeep singh)
Mg.Director

(Harpreet Singh)
Mg.Director

PACT INDUSTRIES LIMITED

Manufacturing, Trading & Profit & Loss Account for the year ended 31.03.2010

Particulars	Curr.Yr.	Pre.Yr.	Particulars	Curr.Yr.	Pre.Yr.
To Opening Stock	12207823.62	29350473.00	By Sales (As per List " J'	198980573.00	196367754.00
To Purchases (As per List H	195779748.00	170590222.62			
To Mfg.& Direct Exp. (As per List " I"	2084476.00	2534693.00	By Closing Stock	15154900.00	12207823.62
To Gross Profit	4063425.38	6100189.00			
Total	214135473.00	208575577.62		214135473.00	208575577.62
To Office & Admin.Exp. (As per List " K"	2561315.00	1557059.00	By Gross Profit	4063425.38	6100189.00
To Selling & Distribution Exp. (As per List " L"	380543.65	70491.00	By Bank Interest on FDR	17803.00	57466.00
To Financial Exp. (As per List " M"	121907.36	3464188.74	BY Rebate & Discount	0.00	47087.35
To Repair & Main. Exp. (As per List " N"	146309.00	103364.00	By Interest on Income tax Refund	10208.00	0.00
To Depreciation	663640.00	799854.50			
To Net Profit	217721.37	209785.11			
Total	4091436.38	6204742.35		4091436.38	6204742.35

Profit & Loss Appropriation account for the period ended 31.03.2010

Particulars	Curr.Yr.	Pre.Yr.	Particulars	Curr.Yr.	Pre.Yr.
To Income Tax Adjustment	0.00	425316.00	By Balance B/F	899528.67	3595350.56
To Duty Draw Back Adjustment	0.00	380291.00	By Income Tax Refund	41332.00	0.00
To Margin Money Adjustment	0.00	2100000.00	By Net Profit	217721.37	209785.11
To Balance C/D	1158582.04	899528.67			
Total	1158582.04	3805135.67		1158582.04	3805135.67

Certified in terms of our separate report of Even date.

For Rajesh Mehru & Co.
Chartered Accountant

For Pact Industries Limited

(Naresh Singla)
Partner
Place: Ludhiana
Dated; 03.09.2010

(Gurdeep singh)
Mg. Director

(Harpreet Singh)
Mg. Director

PACT INDUSTRIES LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31ST MARCH 2010.

Annexure- A of Reserve & Surplus

Particulars	Current Year	Previous year
Profit & Loss Account	1158582.04	899528.67
Capital Reserve	490000.00	490000.00
General Reserve	2200000.00	2200000.00
Depreciation Reserve	47434460.31	46770820.31
Total	51283042.35	50360348.98

Annexure- B of Secured Loans

Particulars	Current Year	Previous year
Kotak Mohindera Bank	327256.00	1173717.00
HDFC	8150848.92	9088633.62
ICICI Bank Car Loan	69824.92	207494.98
ICICI Bank Car Loan	92835.31	355073.52
State Bank of India C/C	12386412.00	7239298.00
Total	21027177.15	18064217.12

Annexure- D of Current Liabilities

Particulars	Current Year	Previous year
Sundry Creditors	2588974.23	2365600.28
Provisions & Payable	170851.00	6798.00
Total	2759825.23	2372398.28

Annexure- F of Investment & Security

Particulars	Current Year	Previous year
ECGC Security	34577.50	34577.50
Electricity Security	783750.00	274803.00
S.B.I.Mutual Fund	100000.00	100000.00
UBI FDR	128669.00	119513.00
UBI FDR	121383.00	112736.00
Telephone Sec.	0.00	101601.00
Total	1168379.50	743230.50

Annexure- G of Current Assets, Loans & Advances

Particulars	Current Year	Previous year
Sundry Debtors: (unsecured considered good)	12347899.01	13281673.46
Advances to Suppliers	237895.00	1474713.39
Closing Stock (certified by the mg.director)	15154900.00	12207823.62
Advances recoverable in cash or in kind for value to be received	22490382.00	29095123.00
Cash & Bank Balance:		
Cash In Hand	393451.28	385992.53
Balance with Schedule Bank	1072767.71	3037448.95
Total	51697295.00	59482774.95

PACT INDUSTRIES LIMITED

Annexure- E of Fixed Assets as on 31.03.2010

Particulars	Book Value as on 01.04.2009	Addition before 30.09.2009	Addition After 30.09.2009	Sale / Trf.	Book Value as on 31.03.2010	WDV as on 01.04.2009	Dep. during the year	Dep.Reserve as on 01.04.2009	Dep.Reserve as on 31.03.2010	WDV as on 31.03.2010
Building	6762728.80	0.00	0.00	0.00	6762728.80	2580539.82	179529.00	4182188.98	4361717.98	2401010.82
Building under cons.	0.00	0.00	12537818.30	0.00	12537818.30	0.00	0.00	0.00	0.00	12537818.30
Car	6268003.29	0.00	0.00		6268003.29	3408289.57	333564.00	2859713.72	3193277.72	3074725.57
Fax	54389.98	0.00	0.00	0.00	54389.98	12629.19	715.00	41760.79	42475.79	11914.19
Machinery	10983955.28	0.00	0.00	0.00	10983955.28	2780935.53	105431.00	8203019.75	8308450.75	2675504.53
Machinery (Knitting)	34437910.21	0.00	50540.00	20000.00	34288450.21	3489532.18	34191.00	30835633.03	30869824.03	3305881.18
Motor Cycle	19276.20	0.00	0.00	0.00	19276.20	1547.68	119.00	17728.52	17847.52	1428.68
Scooter	47849.51	0.00	0.00	0.00	47849.51	3383.55	458.00	44465.96	44923.96	2925.55
Three Wheeler	14343.85	0.00	0.00	0.00	14343.85	807.83	71.00	13536.03	13607.03	736.83
Tata 407	539679.93	0.00	0.00	0.00	539679.93	83041.08	8125.00	456638.85	464763.85	74916.08
Weighing Scale	145979.55	0.00	0.00	0.00	145979.55	29844.88	1437.00	116134.68	117571.68	28407.88
Show Room	982000.00	0.00	0.00	0.00	982000.00	982000.00	0.00	0.00	0.00	982000.00
Total:	60256116.60	0.00	12588358.30	20000.00	72644474.90	13372551.31	663640.00	46770820.31	47434460.31	25097269.61

PACT INDUSTRIES LIMITED

NOTES OF ACCOUNTS

NAME OF THE FIRM : **M/S PACT INDUSTRIES LIMITED, LUDHIANA**

ASST YEAR : **2010-2011**

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF BALANCE SHEET FOLLOWED FOR THE PREPARATION OF ACCOUNTING FOR THE YEAR

1. Balance Sheet, Profit & Loss Accounts have been drawn on 31.03.2010 Comprising of 12 Months. (from 01.04.2009 to 31.03.2010) and previous year figures have been drawn on 31.03.2009 comprising of 12 months (from 01.04.2008 to 31.03.2009).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statement have been prepared in accordance with accepted accounting Standards and relevant Presentations requirement of the convention and on the accounting policies followed which are stated below:

a) ACCOUNTING METHOD

The company has adopted the mercantile system of accounting in preparation of the financial statements.

b) FIXED ASSETS

The Company has stated Fixed Assets at cost of acquisition/construction. The cost includes all pre-operative expenses relating to construction/pre-installation period including direct and allocable indirect expenses.

c) DEPRECIATION

- 1) Fixed Assets figures have been shown at book value , depreciation upto date have been credited to the separe reserve a/c.
- 2) The company has provided depreciation on W.D.V. method as per the Inocme Tax Act,1961.

d) INVENTORIES

Inventories has been valued at cost or market price whichever is lower.

e) RETIREMENT BENEFITS

Since none of employees completed the continues period of 5 years as stipulated under the Payment of Gratuity act. No provisions for gratuity has been made.

e) WRITE OF MISCELLANEOUS EXP.

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

3. INVESTMENTS & SECURITIES :

All the investments made by the company have been shown on the book value.

4. Previous Year figures ended on 31.03.2009 have been given and same have been regrouped/rearranged for comparison.
5. Contingent Liabilities not provided for in respect of business during the year is NIL.
6. 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.

PACT INDUSTRIES LIMITED

7. AUDITORS REMUNERATION :

	<u>Current Year</u>	<u>Previous Year</u>
- Audit Fees	19,000.00	19000.00
- Tax Audit	0.00	0.00
- Other Services	6000.00	6000.00

8. REMUNERATION TO DIRECTOR :

	<u>Current Year</u>	<u>Previous Year</u>
- Salary	516000.00	516000.00

9. EARNING PER SHARE (EPS) :

The numerators and denominators used to calculate Basic and dilute Earning per Share

	<u>Year Ended</u> 31.03.2010	<u>Year Ended</u> 31.03.2009
Profit attributable to the Equity Shares holder Rs.(A)	217721.37	209785.11
Basic/Weighted Average No. of Equity Share outstanding during the year	4940800	4940800
(B)		
Nominal Value of Equity Shares	10.00	10.00
Basic/Diluted EPS Rs. (A)/(B)	0.04	0.04

10. Most of the expenses have been made on actual basis & provisions of expenses have been estimated on prorata basis.

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

12. Preliminary expenses written off NIL

13. C.I.F. value of imports. NIL

14. Expenditure in foreign exchange NIL

15. Earning in Foreign Exchange NIL

For Rajesh Mehru & Co.
Chartered Accountant
(Naresh Singla)
Partner
Place: Ludhiana
Dated; 03.09.2010

For Pact Industries Limited

(Gurdeep singh)
Mg.Director

(Harpreet Singh)
Mg.Director

PACT INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

(In Lacs)

		As on 31.03.2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	2.18	
Deprication	6.64	
Income Tax refund	0.41	
Decrease in Current Assets	58.29	
Increase in Current Liabilities	3.87	
Increase in Misc.Exp.	0.67	
Net Cash Provided by Operating Activity		70.72
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of fixed Assets	2.00	
Purcahse of Fixed Assets	125.88	
Increased in Investment & Security	4.25	
Net Cash Provided by Investing Activity		128.13
CASH FLOWS FROM FINANCIAL ACTIVITIES:		
Increase in Unsecured Loan	8.21	
Increase in Secured Loan	29.63	
Net Cash Provided by Financial Activity		37.84

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

REGISTRATION DETAILS

Registration No.	13193	State Code	16
Balance Sheet Date	31-03-2010		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Issue	NIL

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

Total Liabilities	1181.09	Total Assets	1181.09
-------------------	---------	--------------	---------

Sources of Funds

Paid up Capital	494.08	Reserve & surplus	503.60
Secured Loan	180.64	Unsecured Loan	2.77

Application of Funds

Net Fixed Assets	602.56	Net Current Assets	571.10
Investment	7.43	Misc.exp.	0.00

PERFORMANCE OF COMPANY (Rs.In Lacs)

Total Turnover	1963.68	Total Expenditure	1961.58
Profit / loss (Before Tax)	2.10	Profit / Loss after Tax	2.10
Earning Per Share	0.00	Dividend Rate	NIL

GENERIC NAME OF THREE PRINCIPAL PRODUCTS OF COMPANY

Item code NO.(ITC Code)

Item Code No.

Product Description Manufacturing of Knitted Fabrics & Readymade Garments

For Rajesh Mehru & Co.

For Pact Industries Limited

Chartered Accountant

(Naresh Singla)

(Gurdeep singh)

(Harpreet Singh)

Partner

Mg.Director

Mg.Director

Place: Ludhiana

Dated: 03.09.2010