



## CORPORATE INFORMATION

### Board of Directors

Mr. J. P. Agarwal	Chairman & Managing Director
Mr. Kapil Agarwal	Whole Time Director
Mr. Devendra Maliwal	Executive Director
Mr. S. M. Agarwal	Independent/Non-Executive
Mr. Jayanti Oza	Independent/Non-Executive
Mr. Sumit Agarwal	Independent/Non-Executive
Mr. Amit Agarwal	Independent/Non-Executive
Mr. Mangi Lal Dangi	Independent/Non-Executive

### Board Committees

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

**Statutory Auditors**  
M/s. A. Bafna & Co.  
Chartered Accountants  
K-2, Raj Apartment  
Keshav Path, C-Scheme  
Jaipur-302 001 (Rajasthan)

**Registrar & Share Transfer Agent**  
Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (W),  
Mumbai-400 078  
Tel.: 022-25963838  
Fax : 022-25946969  
E-mail : mumbail@linkintime.co.in

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<b>Regd. Office</b> Village Bedla, Udaipur-313 004, Rajasthan E-mail: pacificind@rediffmail.com URL : www.pacificindustriesltd.com	2. Notice	2
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Unit II : Village : Survey No. 13, Kemplingahalli Nelamangala Taluk (Rural) Bangalore-562123 (Karnataka) Tel. No. : 080-27723004	5. Balance Sheet	45
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## Chairman's Statement

Dear Shareholders,

My warm greetings to all of you.

Global economy witnessed its own challenges in the year 2011 due to various macroeconomic environment factors. The economy in fact has shown signs of recovery from the unprecedented financial crisis and the recovery is likely to mature over the coming years.

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

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

In this challenging environment, your Company achieved an overall growth during the year 2010-11 in which turnover of your Company was 6077.34 lakh as compared to 6726.49 lakh for the last year 2009-10. The PAT was Rs. 353.55 lakh as compared to Rs. 798.21 lakh for the last year 2009-10 which was mainly due to increase in Material & Power cost .

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

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

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

Place : Udaipur

Dated : 27.08.2011

Sd/-

(J. P. Agarwal)

Chairman & Managing Director

## TWENTY SECOND ANNUAL GENERAL MEETING

### NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Pacific Industries Limited will be held on Friday, September 30, 2011 at 10.00 A. M. at Village Bedla, Udaipur - 313 004, Rajasthan to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit & Loss Account of the Company for the year ended on that date together with the Cash Flow Statement and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Devendra Maliwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Mangi Lal Dangi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. M/s. A. Bafna & Company, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

#### SPECIAL BUSINESS

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

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

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

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

**6. To consider and if though fit, to pass, with or without modifications, the following resolution as an Special Resolution :**

“**RESOLVED THAT** pursuant and subject to the provisions of sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the said Act, which shall include any statutory modification or re-enactment thereof) read with Schedule XIII to the said Act and subject further to approval of the Central Government and other concerned authorities, if and as and when required, the approval of the members of the company be and is hereby accorded to the re-appointment of Mr. J. P. Agarwal as Managing Director of the company for a further period of 3 (Three) years with effect from 30th Sept., 2011 on the terms and conditions, as set out in the Explanatory Statement annexed to the Notice.”

**7. To consider and if though fit, to pass, with or without modifications, the following resolution as an Special Resolution :**

“**RESOLVED THAT** pursuant and subject to the provisions of sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as “the said Act, which shall include any statutory modification or re-enactment thereof) read with Schedule XIII to the said Act the company hereby approves the re-appointment of Mr. Kapil Agarwal as Whole Time Director of the Company, for the period 23rd July, 2011 to 22nd July, 2014 on the terms and conditions, as set out in the Explanatory Statement annexed to the Notice.”

Bedla Udaipur  
27th August 2011  
Registered Office  
Village Bedla  
Udaipur-313 004, Rajasthan

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

**Notes :**

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) Corporate members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the meeting.
- c) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- d) Members are requested to notify immediately, change in their addresses, pin code, e-mail addresses and telephone number(s), if any, to the Company at its Registered Office by quoting their folio numbers. In respect of shares held in electronic mode, the same should be communicated to the respective Depository Participant (DP).
- e) As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of shares held by them in physical mode. Nomination forms can be obtained from the Registrar & Transfer Agent of the Company.
- f) Those who are holding shares in electronic mode should give relevant details in this matter to their respective Depository Participant (DP).
- g) Members of the Company who have multiple accounts in identical names or joint accounts in the same name / order are requested to send all the share certificates to the Registrar & Transfer Agent of the Company, M/s Link Intime India Private Limited, or at the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better services.
- h) All requests for transfer of Equity Shares and allied matters along with the relevant transfer deeds and share certificates should preferably be sent directly to the Company's Registrar and Transfer Agent, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400078.

- i) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 24th September, 2011 to Friday, 30th September, 2011, both days inclusive.
- j) Shareholders desiring any information as regards Audited Annual Accounts are requested to write to the Company at an early date (at least ten days before the date of meeting) so as to enable the Management to keep the information ready at the meeting.
- k) Member who still have their holdings in physical form are requested to convert them into dematerialized form (under ISIN No. INE883C 01025) at the earliest.
- l) SEBI vide its circular ref. no MRD/ DoP/Cir-05/2009 dated 20.05.2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of such transfer of shares irrespective of the amount of such transaction.

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

**ANNEXURE TO THE NOTICE**

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

**ITEM NO. 5**

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

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

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

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

The Company has not taken up any step on the Special Resolution passed in the earlier AGMs re. Voluntary Delisting hence consent of the Share Holders is being sought in the ensuing 22nd AGM by way of Special Resolution, as per the requirement of SEBI (Delisting of Securities) Guidelines, 2003 and / or any other enactment / guideline(s) as may be in force from time to time for Voluntary Delisting of Equity Shares of the Company.

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

The Board recommends the annexed Resolution for your approval.

**ITEM No. 6**

The Board of Directors of the Company in their meeting held on 12th August, 2011 had resolved to re-appoint Mr. J. P. Agarwal as Chairman & Managing Director of the Company afresh w. e. f. 30th September, 2011 for a period of 3 (three) years at a remuneration given in this Explanatory Statement as per Schedule XIII Part II Section (1) (B) annexed to the Companies Act, 1956 and subject to such approval as may be required. The proposed re-appointment and remuneration payable has already been approved by the remuneration committee in its meeting held on 12th August, 2011. The information required to be furnished to the shareholders in terms of revised Schedule XIII Part II Section (1) (B) are being furnished here in below:

**(A) The Company**

Pacific Industries Limited was incorporated as a public limited on September 13th July, 1989 under the Companies Act, 1956 with the Registrar of Companies, Rajasthan at Jaipur with the main object to manufacture Polished Granite Slabs and Tiles of various types. The Company started its' commercial production w.e.f. 1st March,1992. No Foreign Collaborator is presently involved in the project.

<b>(B) Financial Performance</b>	<b>As at 31/3/2011</b>	<b>As at 31/3/2010</b>	<b>As at 31/3/2009</b>
	<b>(Rs./Lacs)</b>	<b>(Rs./Lacs)</b>	<b>(Rs./Lacs)</b>
Net Sales (including Exports)	6077.34	6726.49	6020.38
Net Profits after Tax	353.55	798.21	1236.61

**(C) The Appointee**

Mr. J. P. Agarwal, aged 54 years is a Promoter Director of the Company. He is a Commerce Graduate and C. A. (Inter) also and posses vast experience of running the Granite / Marble Industry. Before joining the Company he was engaged in his own trading business.

Without any doubt, about the marvelous entrepreneurial skills of Mr. J. P. Agarwal and his rich experience in the field of Polished Granite Slabs and Tiles of various types, the Board thinks it appropriate to reappoint him as Chairman & Managing Director of the Company for a further period of 3 years to achieve greater heights and complete his unfinished agenda.

Your Board is of firm opinion that the rich and valuable experience of Mr. J. P. Agarwal will definitely result into all round growth and development of the Company.

**(D) Remuneration paid to Mr. J. P. Agarwal during last two years:**

2009-2010	Rs. 24,00,000/-
2010-2011	Rs. 24,00,000/-



**(E) Awards/Reconnitions****NIL****(F) Job Profile:**

Mr. J. P. Agarwal, Chairman & Managing Director is the Chief operating Officer of the Company having special emphasis on Finance, Purchase, Production and Marketing streams of the Company.

**(G) Comparative Remuneration in the Industry:**

No such data is available with the Company but the Board is of the view that the remuneration paid and / or proposed by the Company to Mr. J. P. Agarwal is totally in the line with the excellent performance made by the Company under his leadership.

**(H) Pecuniary Relationship with the Company and other Managerial Person in the Company:**

Mr. J. P. Agarwal, is related with Mr. Kapil Agarwal, Whole time Director of the Company except that he doesn't have any pecuniary relationship with the Company and / or other Managerial Person in the Company except the Managerial Remuneration drawn by him from the Company as CMD.

**(I) Reason for inadequacy of profits:**

The remuneration proposed by the Company for Mr. J. P. Agarwal is in accordance with Section II of Part II of Schedule XIII annexed to the Companies Act, 1956. But if the same is calculated under Section I of Part II of Schedule XIII then it doesn't confirm the proposed remuneration. Due to this reason the profits are inadequate, otherwise the Company is a profit making one.

**(J) Expected profits :**

The Company expects Profit after Tax of Rs. 900 lacs in the next year.

**(K) Proposed remuneration of Mr. J. P. Agarwal is as follows:**

(I) Basic Salary: Rs. 2,00,000/- p.m.

**(II) Perquisites:**

In addition to salary the following Perquisites not exceeding the overall ceiling prescribed under schedule XIII, annexed to the Companies Act, 1956 will be provided to the Chairman & Managing Director:

**CATEGORY (A) :**

- (i) Free use of Company's car with driver for use on Company's business and telephone at residence will not be considered as perquisite.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the Company to the Chairman & Managing Director.
- (iii) Reimbursement of entertainment, travelling and all other expenses, actually and properly incurred for the business of the Company.
- (iv) No sitting fees shall be payable to the Chairman & Managing Director for attending the Meetings of the Board of Directors or Committee thereof.

**CATEGORY (B)**

The following perquisites shall also be allowed and they will not be included in the computation of ceiling on perquisites mentioned above as permissible under existing laws:

- (i) Contribution to Provident Fund / Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (iii) Encashment of leave at the end of the tenure.

The terms & conditions, as above, may be altered / varied from time to time by the Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with the Companies Act, 1956 including Schedule, XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard.

Where in any year, the company has no profits or its profits are inadequate, the total remuneration payable to Mr. J. P. Agarwal, Chairman & Managing Director by way of salary, perquisites and allowance, as specified above, as minimum remuneration under Schedule XIII to the Companies Act, 1956.

**III Other Terms & Conditions:**

Mr. J. P. Agarwal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company.

The agreement may be terminated by either party giving the other party one month's prior notice in writing to that effect.

If at any time Mr. J. P. Agarwal ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Managing Director.

The said appointment of Mr. J. P. Agarwal on the terms & conditions as set out above including his remuneration as referred above is subject to the approval of Bankers, FIs, approval of the Company in General Meeting and such other approvals, if any, as may be required.”

This may be treated as an abstract required under section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. J. P. Agarwal himself and Mr. Kapil Agarwal being relative of J.P. Agarwal are interested in the resolution.

#### **ITEM NO. 7**

The Board of Directors of the Company in their meeting held on 22nd July, 2011 had resolved to reappoint Mr. Kapil Agarwal as Whole time Director w. e. f. 23rd July, 2011 for a period of 3 (three) years at a remuneration given in this Explanatory Statement as per Schedule XIII Part II Section (1) (B) annexed to the Companies Act, 1956 and subject to such approval(s) as may be required. The proposed re-appointment and remuneration payable has already been approved by the Remuneration Committee in it's meeting held on 22nd July, 2011. The information required to be furnished to the shareholders in terms of revised Schedule XIII Part II Section (1) (B) are being furnished here in below:

#### **(A) The Company**

Pacific Industries Limited was incorporated as a public limited on September 13th July, 1989 under the Companies Act, 1956 with the Registrar of Companies, Rajasthan at Jaipur with the main object to manufacture Polished Granite Slabs and Tiles of various types. The Company started its' commercial production w.e.f. 1st March,1992. No Foreign Collaborator is presently involved in the project.

<b>(B) Financial Performance</b>	<b>As at 31/3/2011</b>	<b>As at 31/3/2010</b>	<b>As at 31/3/2009</b>
	<b>(Rs./Lacs)</b>	<b>(Rs./Lacs)</b>	<b>(Rs./Lacs)</b>
Net Sales (including Exports)	6077.34	6726.49	6020.38
Net Profits after Tax	353.55	798.21	1236.61

#### **(C) The Appointee**

Mr. J. P. Agarwal, aged 54 years is a Promoter Director of the Company. He is a Commerce Graduate and C. A. (Inter) also and posses vast experience of running the Granite / Marble Industry. Before joining the Company he was engaged in his own trading business.

Without any doubt, about the marvelous entrepreneurial skills of Mr. J. P. Agarwal and his rich experience in the field of Polished Granite Slabs and Tiles of various types, the Board thinks it appropriate to reappoint him as Chairman & Managing Director of the Company for a further period of 3 years to achieve greater heights and complete his unfinished agenda.

Your Board is of firm opinion that the rich and valuable experience of Mr. J. P. Agarwal will definitely result into all round growth and development of the Company.

**(D) Remuneration paid to Mr. J. P. Agarwal during last two years:**

2009-2010	Rs. 24,00,000/-
2010-2011	Rs. 24,00,000/-

**(E) Awards/Reconnitions** **NIL**

**(F) Job Profile:**

Mr. J. P. Agarwal, Chairman & Managing Director is the Chief operating Officer of the Company having special emphasis on Finance, Purchase, Production and Marketing streams of the Company.

**(G) Comparative Remuneration in the Industry:**

No such data is available with the Company but the Board is of the view that the remuneration paid and / or proposed by the Company to Mr. J. P. Agarwal is totally in the line with the excellent performance made by the Company under his leadership.

**(H) Pecuniary Relationship with the Company and other Managerial Person in the Company:**

Mr. J. P. Agarwal, is related with Mr. Kapil Agarwal, Whole time Director of the Company except that he doesn't have any pecuniary relationship with the Company and / or other Managerial Person in the Company except the Managerial Remuneration drawn by him from the Company as CMD.

**(I) Reason for inadequacy of profits:**

The remuneration proposed by the Company for Mr. J. P. Agarwal is in accordance with Section II of Part II of Schedule XIII annexed to the Companies Act, 1956. But if the same is calculated under Section I of Part II of Schedule XIII then it doesn't confirm the proposed remuneration. Due to this reason the profits are inadequate, otherwise the Company is a profit making one.

**(J) Expected profits :**

The Company expects Profit after Tax of Rs. 900 lacs in the next year.

**(K) Proposed remuneration of Mr. J. P. Agarwal is as follows:**

(I) Basic Salary: Rs. 2,00,000/- p.m.

**(II) Perquisites:**

In addition to salary the following Perquisites not exceeding the overall ceiling prescribed under schedule XIII, annexed to the Companies Act, 1956 will be provided to the Chairman & Managing Director:

**CATEGORY (A) :**

- (i) Free use of Company's car with driver for use on Company's business and telephone at residence will not be considered as perquisite.
- (ii) Personal long distance calls and use of car for private purpose shall be billed by the Company to the Chairman & Managing Director.
- (iii) Reimbursement of entertainment, travelling and all other expenses, actually and properly incurred for the business of the Company.
- (iv) No sitting fees shall be payable to the Chairman & Managing Director for attending the Meetings of the Board of Directors or Committee thereof.

**CATEGORY (B)**

The following perquisites shall also be allowed and they will not be included in the computation of ceiling on perquisites mentioned above as permissible under existing laws:

- (i) Contribution to Provident Fund / Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- (iii) Encashment of leave at the end of the tenure.

The terms & conditions, as above, may be altered / varied from time to time by the Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with the Companies Act, 1956 including Schedule, XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard.

Where in any year, the company has no profits or its profits are inadequate, the total remuneration payable to Mr. Kapil Agarwal, Whole Time Director by way of salary, perquisites and allowance, as specified above, as minimum remuneration under Schedule XIII to the Companies Act, 1956.

### **III Other Terms & Conditions:**

Mr. Kapil Agarwal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company.

The agreement may be terminated by either party giving the other party one month's prior notice in writing to that effect.

If at any time Mr. Kapil Agarwal ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Whole time Director.

The said appointment of Mr. Kapil Agarwal on the terms & conditions as set out above including his remuneration as referred above is subject to the approval of Bankers, FIs, approval of the Company in General Meeting and such other approvals, if any, as may be required.”

This may be treated as an abstract required under section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. Kapil Agarwal himself and Mr. J. P. Agarwal being relative of Mr. Kapil Agarwal are interested in the resolution.

Bedla Udaipur  
27th August 2011  
Registered Office  
Village Bedla  
Udaipur-313 004, Rajasthan

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

**Annexure to the Notice**

**Details of the Directors seeking re-appointment / appointment in the  
 Twenty Second Annual General Meeting  
 (In pursuance of Clause 49 of the Listing Agreement)**

<b>Name of Director</b>	<b>Mr. Devendra Maliwal</b>	<b>Mr. Mangi Lal Dangi</b>
<b>Date of Birth</b>	01.12.1974	28.07.1978
<b>Date of Appointment</b>	01.12.2005	05.10.2007
<b>Special Expertise</b>	Overall in charge of the production operations at the factory of the Company.	Overall in charge of the quality control department of the Company
<b>Qualifications</b>	ICWAI	Graduate
<b>Directorships in other Companies</b>	NIL	1
<b>Chairman/Member of Committees of Companies</b>	NIL	NIL

PACIFIC INDUSTRIES LTD.  
**DIRECTORS' REPORT - 2010 - 11**

Dear Members,

Your Directors present the 22nd Annual Report of the working of the Company along with the statement of accounts and the Auditors' Report for the year ended 31st March, 2011.

**1. Financial Results**

<b>PARTICULARS</b>	<b>Year ended 31.03.2011 (Audited)</b>	<b>Year ended 31.03.2010 (Audited)</b>
	<b>[Rs. in Lac]</b>	
Turnover	<b>6077.34</b>	6726.49
Profit/ (Loss) before Tax	<b>447.04</b>	987.62
Less: Provision for Income Tax		
- Current Tax	<b>93.49</b>	167.85
- Prior period Tax expenses	<b>0</b>	21.55
Net Profit (Loss) after Tax	<b>353.55</b>	798.21
Add: Profit/ (Loss) brought forward from previous year	<b>3202.52</b>	2410.21
Less: Prior Period Adjustment	<b>2.74</b>	5.90
Profit available for Appropriation	<b>3558.82</b>	3202.52
Net Profit (Loss) carried forward	<b>3558.82</b>	3202.52

**2. Business Results**

Your Company achieved a turnover of Rs. 6077.34 lakh during the period under review. This was mainly due to the in demand in the global market. The Net Profit after Tax of the Company is Rs.353.55 Lakh as against Rs.798.21 Lakh in the previous year. The decrease in the Net Profit is due to increase in Material & operating Cost.

**3. Dividend**

Your directors have not recommended any dividend for the year 2010-2011 and the entire surplus is proposed to be transferred to the reserves to give financial leverage to the Company.

**4. Directors' Responsibility Statement**

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

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



- ✓ taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- ✓ prepared the annual accounts on a going concern basis.

The above statements were noted by the Audit Committee at its meeting held on August 27, 2011.

#### **5. Statutory Disclosures**

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

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

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

#### **7. Particulars of Employees**

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

#### **8. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled as 'Corporate Governance' has been included in this Annual Report, along with the reports on 'Management Discussion and Analysis' and 'Shareholder Information'. All board members and senior management personnel have affirmed compliance to the Code of Conduct for the FY 2010-11.

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

#### **9. Capital Investments**

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

#### **10. Fixed Deposits**

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

**11. Investor Services**

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

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

**12. Human Capital**

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

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

**Training**

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

Your Company had 251 employees on roll as on 31st March, 2011.

**13. Corporate Social Responsibility**

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

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

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

**14. Directors**

Mr. Devendra Maliwal and Mr. Mangi Lal Dangi, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The term of appointment of Mr. J. P. Agarwal will be end on 29th Sept., 2011. The Board has already approved their reappointment as managing director with effect from 30th Sept., 2011. The term of Mr. Kapil Agarwal as whole

time director has ended on 22nd July, 2011. The board has approved reappointment of Mr. Kapil Agarwal as whole time director with effect from 23rd July, 2011. The necessary resolution are presented in Annual General Meeting for your approval.

**15. Auditors and Auditor's Report**

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

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

**16. Note of Appreciation**

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

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

**On Behalf of the Board**

**Sd/-**

**(J. P. Agarwal)**

**Chairman & Managing Director**

Place : Udaipur

Dated : 27.08.2011

**ANNEXURE 'A' TO DIRECTORS REPORT**
**Statement Containing Particulars Pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming Part of Director's Report.**
**1 CONSERVATION OF ENERGY**

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

<b>A. Power and Fuel Consumption</b>	<b>Current Year 31.03.2011</b>	<b>Previous Year 31.03.2010</b>
1. Electricity		
(a) Purchased Units (Kwh)	<b>6867480</b>	<b>7094710</b>
Total Amount (Rs.)	<b>35076478</b>	<b>34615410</b>
Rate per unit (Rs.)	<b>5.11</b>	<b>4.88</b>
(b) Own Generation		
Through Diesel Generators		
Units (Kwh)	<b>434,931</b>	<b>526,734</b>
Units per litre of Diesel Generators	<b>2.49</b>	<b>2.52</b>
Cost per unit (Rs.)	<b>14.20</b>	<b>12.24</b>
2. Coal	<b>N/A</b>	<b>N/A</b>
3. Furnace Oil	<b>N/A</b>	<b>N/A</b>
4. Other Internal Generation	<b>N/A</b>	<b>N/A</b>
<b>B. Consumption per unit of Production</b>		
	<b>Polished Granites</b>	
<b>Unit</b>	<b>Slabs/Tiles</b>	<b>Slabs/Tiles</b>
Production	<b>361420</b>	<b>353144</b>
Electricity/Sq. Mtr (Kwh)	<b>20.20</b>	<b>21.58</b>

**2 TECHNOLOGY ABSORPTION**

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

**3 FOREIGN EXCHANGE EARNINGS & OUTGO**

	<b>(Rs. in Lacs)</b>	
	<b>Current Year 2010-2011</b>	<b>Previous Year 2009-2010</b>
F.O.B. Value of Export of Finished Goods	<b>5694.45</b>	<b>6376.69</b>
C.I.F. Value of Imports		
(a) Raw Materials (Consumables)	<b>797.27</b>	<b>1049.85</b>
(b) Capital Goods	<b>0.00</b>	<b>0.00</b>
Expenses in Foreign Currency	<b>5.43</b>	<b>6.99</b>

**FOR AND ON BEHALF OF THE BOARD**

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

**PLACE: UDAIPUR**
**DATE: August 27, 2011**

**Annexure “B”**

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

S.I. No.	Name	Age (Years)	Designation	Gross Remuneration	Qualification	Total Experience	Date of Commencement of Employment	Last employment held
1.	Mr. J.P.Agarwal	55	CMD	2400000	C.A. (Inter)	22	13.07.1989	-
2.	Mr. Kapil Agarwal	28	Wholetime Director	2400000	M.B.A.	6	23.07.2005	-

**Auditors' Certificate on Compliance of conditions of Corporate Governance**

To  
The Members of  
Pacific Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Pacific Industries Limited (“the Company”) for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

**Sd/-**  
**M. K. Gupta**  
**(Partner)**

Place : Udaipur  
Date: 27.08.2011

**Memb. No: 73515**

## Corporate Governance Report for the year 2010-11

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

### Governance Philosophy

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

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

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

### A. BOARD OF DIRECTORS:

#### BOARD COMPOSITION

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

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

#### COMPOSITION OF THE BOARD OF DIRECTORS AS ON 31st MARCH, 2011

Category	Directors	No. of Directors	Percentage of total number of Directors
Promoter - Executive / Managing Director	Mr. J. P. Agarwal --	1	12.50
Executive Director	Mr. Devendra Maliwal* Mr. Kapil Agarwal	2	25.00
Independent Directors	Mr. S. M. Agarwal Mr. Jayanti Hiralal Oza Mr. Sumit Agarwal Mr. Amit Agarwal Mr. Mangilal Dangi*	5	62.50
Total	-	8	100

\* Retire by rotation at the ensuing Annual General Meeting.

**Notes:**

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

**Role:**

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

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

Attendance of each director at the Board meetings and last AGM and Chairmanship and membership of committees in other public company as on 31st March, 2011.



Sl. No.	Name of Director	Category	Financial Year 2010-11 attendance at		No. of Directorship in other public companies		No. of Committee position held in other public companies	
			Board Meeting	Last AGM held on 30 <sup>th</sup> September, 2010	Chairman	Member	Chairman	Member
1.	Mr. J. P. Agarwal	Executive Promoter	9	N	-	-	-	-
2.	Mr. Devendra Maliwal	Executive, Non independent	9	Y	-	-	-	-
3.	Mr. Kapil Agarwal	Executive, Non independent	9	N	-	-	-	-
4.	Mr. S. M. Agarwal	Independent, Non-executive	5	Y	-	-	-	-
5.	Mr. Jayanti Oza	Independent, Non-executive	4	N	-	-	-	-
6.	Mr. Sumit Agarwal	Independent, Non-executive	6	N	-	-	-	-
7.	Mr. Amit Agarwal	Independent, Non-executive	7	Y	-	-	-	-
8.	Mr. Mangi Lal Dangi*	Independent, Non-executive	9	Y	-	3	3	-

- Holding directorship and committee positions at Shruti Synthetics Limited.

#### Details of Board Meetings held during the Financial Year 2010-2011:

Sl. No	Date of Meeting	Board Strength	No. of Directors present
1	08-05-2010	8	6
2	12-05-2010	8	8
3	10-08-2010	8	8
4	14.08.2010	8	4
5	31-08-2010	8	6
6	10-11-2010	8	8
7	12-11-2010	8	4
8	10-02-2011	8	8
9	12-02-2011	8	6

**Scheduling and selection of Agenda items for Board Meetings:**

During the Financial Year 2010-2011, 9 (nine) Board Meetings were held. The notice of the meeting specifying the day, date, time and full address of the venue of the meeting was given to all the Directors at the address provided by them or at their usual addresses in India, maintaining the statutory norms regarding notice period. The agenda along with the notes, draft resolution of the items to be approved were sent well in advance to all the Directors, so that they come prepared to offer advice and guidance during the meeting. The agenda of each Board Meeting was finalised after consultation with the Managing Director as well as the Senior Management Team Members.

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

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

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

1. Annual operating plans and budgets, capital budgets and any updates thereon;
2. Quarterly audited results of the company;
3. Minutes of meetings of Audit, Remuneration, Investors' Grievance Committee, as well as abstracts of circular resolution passed, if there any;
4. General notices of interest and updates, if any;
5. Notices under Section 274(1)(g) of the Companies Act, 1956;
6. Status of safety, security & legal compliance.
7. Information on recruitment and remuneration of senior officers just below the board level;
8. Materially important litigation, show cause, demand, prosecution, and penalty notices, if there any;
9. Company's management development processes and succession of senior management;
10. Fatal or serious accidents, dangerous occurrences, any material effluents or pollution problems;
11. Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company;
12. Any issue, which involves possible public or product liability claims of a substantial nature;
13. Significant developments on the human resources front;
14. Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as delays in share transfer / dematerialization etc.;
15. Related Party Transactions.

**B. AUDIT COMMITTEE**

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

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

The Audit Committee comprises of 3 independent directors, all of whom have relevant finance and audit exposure. During the year under review, 4 (four) Audit Committee meeting were held on 08.05.2010, 10.08.2010, 10.11.2010 and 10.02.2011.

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with Listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualification in the draft audit report.
5. Reviewing, with the management the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Reviewing the findings of Internal Control System in to matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
10. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
11. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee has the following powers:**

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

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

**C. REMUNERATION COMMITTEE**

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

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

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

### Criteria for making payment to Directors of the Company:

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

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

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

The Remuneration Committee comprises of three independent directors. The composition of the Committee as on 31st March 2011 is as follows:

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

During the year 2010-2011, no meeting of the Committee was held.

Details of remuneration paid to the Directors during 2010-11 are as follows:

#### I. Non-Whole time Directors

No Sitting fees was paid to the non-executive directors during the Financial Year 2010-2011.

#### II. Managing Director Executive & Whole Time director:

Name & Designation of Director	Consolidated Salary (Rs. Lakhs)	Perquisites and Other Benefits (Rs. Lakhs)	Company Contribution Health Insurance Fund Savings & Remuneration	Total (Rs. Lakhs)
Mr. J.P. Agarwal ,C.M.D.	24.00	--	0.36	24.36
Mr. Kapil Agarwal ,E.D.	24.00	--	0.36	24.36
Mr. Devendra Maliwal ,E.D.	2.44	--	0.21	2.65
Period of contract of Managing Director	3 years w.ef. 30.09.2011			
Period of contract of Whole-Time Director	3 years w.ef. 23.07.2011			
Period of contract of Executive Director	3 years w.ef. 24.09.2011			

**Shareholding of the Directors in the Company as on 31st March 2011:**

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

**D. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE**

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

The composition of the Shareholders' Grievance Committee as on 31st March, 2011 is given below:

Name of the Committee Member	Category of Director (Executive/Non-Executive/Independent)
Mr. S. M. Agarwal	Non-Executive Independent (Chairman)
Mr. Jayanti Oza	Non-Executive Independent
Mr. Sumit Agarwal	Non-Executive Independent

During the year 20 10-11, the Shareholders / Investors Grievance Committee of PIL met forty four times on 12.04.2010, 19.04.2010, 26.04.2010, 03 .05.2010, 1 0.05.2010, 17.05.2010, 31.05.2010, 07.06.2010, 14.06.2010, 21.06.2010, 2 8.06.2010, 12.07.2010, 19.07.2010, 2 6.07.2010, 0 2.08.2010, 0 9.08.2010, 1 6.08.2010, 2 3.08.2010, 0 6.09.2010, 1 3.09.2010, 2 3.09.2010, 27.09.2010, 1 1.10.2010, 2 5.10.2010, 0 1.11.2010, 08.11.2010, 15.11.2010, 2 2.11.2010, 29.11.2010, 0 6.12.2010, 1 3.12.2010, 20.12.2010, 2 7.12.2010, 1 0.01.2011, 24.01.2011, 31.01.2011, 0 7.02.2011, 14.02.2011, 21.02.2011, 2 8.02.2011, 0 7.03.2011, 14.03.2011, 21.03.2011, and 28.03.2011.

Name, designation & address of Compliance Officer: Mr. Devendra Maliwal,

Telephone No.	+91-294-2440933
Fax No.	+91-294-2440780
Email	pacificinvestor@rediffmail.com

**Shareholder/Investor Complaints**

Complaints pending as on 1 <sup>st</sup> April, 2010	Nil
Complaints Received during 1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011	175
Complaints disposed off during the year ended 31 <sup>st</sup> March 2011	175
Complaints Pending as on 31 <sup>st</sup> March, 2011	NIL

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

<i>Financial Year</i>	<i>Details of Location</i>	<i>Date and Time when held</i>	<i>Summary and type of Resolutions passed</i>
2007-08	Village Bedla, Udaipur -313004, Rajasthan (India)	30.09.2008 at 10.00 a.m.	Special Resolutions - 3
2008-09		30.09.2009 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 1
2009-10		30.09.2010 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 1

For the year ended 31st March 2011, the shareholders of the Company did not pass any ordinary or special resolution by postal ballot.

**F. DISCLOSURES -**

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

**G. CEO/CFO CERTIFICATION**

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

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

**H. MEANS OF COMMUNICATION**

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



**General Shareholder Information:**
**AGM Details**

Date	30th September, 2011
Venue	Village Bedia, Post Box No 119, Udaipur 313004
Time	10.00 a.m.
Book Closure Date	Saturday, 24 <sup>th</sup> September, 2011 to Friday, 30 <sup>th</sup> September, 2011, both days inclusive.
Dividend Payment Date	Company has not declared any dividend for the F.Y. 2010-11

As required under Clause 49 IV(G)(i), particulars of Directors seeking appointment /reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on 30th September, 2011.

**Financial Calendar**

Financial Year 2011-2012		
1	Year ending	31 March 2012
2	AGM	September 2012
3	First Quarter Results	July 2011
4	Second Quarter & Half Yearly Results	October 2011
5	Third Quarter Results	January 2012
6	Annual Results	April 2012

**Listing on Stock Exchanges (with Stock Code)**

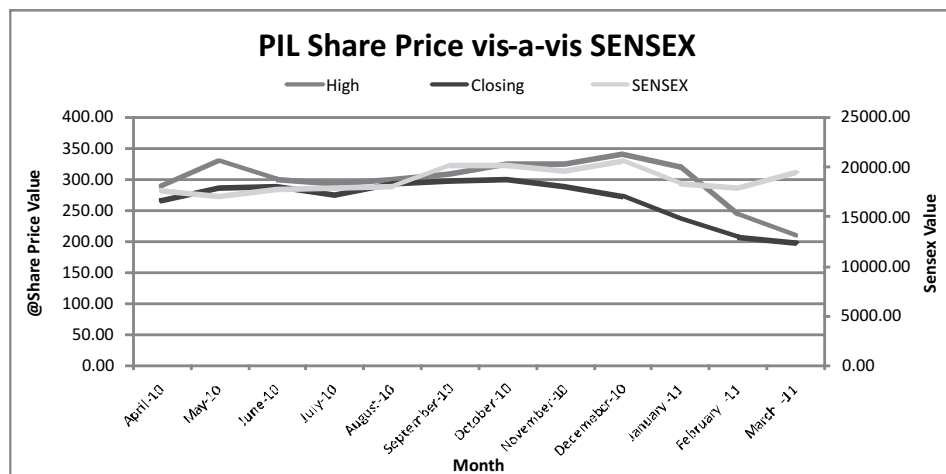
Stock Exchange	Stock code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001.	Share - 523483
The Calcutta Stock Exchange Asscn. Ltd.* 7 Lyons Range, Kolkata - 700 001.	Share - 26020
Jaipur Stock Exchange Ltd.	
Delhi Stock Exchange Association Ltd	
U. P. Stock Exchange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

The Listing Fees for the year 2011-2012 have been paid to all the Stock Exchanges. The Company will start the process of delisting of its equity shares from the Stock Exchanges other than BSE shortly.

**Market Information:**

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

Month	High	Low	Close
April, 2010	287.95	255.00	265.00
May, 2010	330.75	256.20	286.00
June, 2010	300.00	261.00	288.65
July, 2010	293.00	256.50	273.65
August, 2010	300.00	267.65	291.25
September, 2010	309.90	263.10	298.00
October, 2010	325.00	283.60	299.15
November, 2010	325.00	270.65	288.90
December, 2010	341.00	255.00	271.40
January, 2011	321.00	228.00	235.45
February, 2011	243.90	173.60	207.00
March, 2011	209.00	170.00	196.90

**Performance in comparison to BSE SENSEX**

**Name and address of Registrar & Share Transfer Agent**

Link Intime India Private Limited  
 C-13, Pannalal Silk Mills Compound,  
 L. B. S. Marg, Bhandup (W), Mumbai-400078.  
 Tel.: 022-25963838  
 Fax: 022-25946969  
 E-mail: mumbail@linkintime.co.in

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

#### Share Transfer System

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

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

SEBI vide its circular no. MRD/DoP/Cir-05/2009 dated May 20, 2009 make it mandatory for the transferee(s) to furnish copy of PAN card to the Company/RTAs for registration of transfer of shares, for securities market transactions and off-market / private transactions involving transfer of shares in physical form.

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

As on 31st March, 2011, a total of 813152 shares of the Company, which forms 60.17% of the total shares, stands dematerialized. The processing activities with respect to the requests received for dematerialisation are completed within 15 days from the date of receipt of request.

#### Distribution of Shareholding as on 31st March, 2011

No. of ordinary shares held	No. of shareholders	%	<i>No. of shares</i>	%
1 - 500	19196	99.35	441491	32.67
501 - 1000	51	0.26	36607	2.71
1001 - 10000	62	0.32	244645	18.10
10001 and above	13	0.07	628757	46.52
<b>Total</b>	<b>19322</b>	<b>100.00</b>	<b>1351500</b>	<b>100.00</b>

**Categories of Shareholding as on 31st March, 2011**

<b>No. of ordinary shares held</b>	<b>No. of shares</b>	<b>%</b>
Promoters	557030	41.22
UTI, Banks and Mutual Funds	7200	0.53
Financial Institutions	10	0.00
Corporate Bodies	116082	8.59
FII/NRIs / OCBs	10838	0.80
Resident Individuals	660932	48.90
<b>Total</b>	<b>1351500</b>	<b>100.00</b>

**Dematerialization of Shares and Liquidity**

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

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

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

**Address for correspondence**

Village Bedla, Post Box No. 119, Udaipur - 313 001, Rajasthan.

E-mail: [pacificinvestor@rediffmail.com](mailto:pacificinvestor@rediffmail.com)

URL : [www.pacificinduseriesltd.com](http://www.pacificinduseriesltd.com)

**Code of Conduct for Directors and Senior Management Personnel:**

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

I hereby confirm that:

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

**MANAGEMENT DISCUSSION AND ANALYSIS****I. INDUSTRY****A. INDUSTRY STRUCTURE & DEVELOPMENT:****Growth Prospects**

1. The performance of the Indian economy during the year 2010-2011 greatly exceeded expectations. The farm sector which was expected to contract showed resilience, growing by 0.5 per cent despite the weak South West monsoon. The non farm sector also did well. It is the assessment based on sound research that the Indian economy would grow at 9 per cent in the year 2011-2012 and 9.5 per cent in the year 2012-2013.
2. Industrial sector recovery became evident in June 2010 and by August 2010 the General Index of Industrial Production (IIP) registered double digit growth rate driven by similar growth rates in output in the manufacturing and mining sector. In the year 2010-2011, the mining sector output grew at 9 per cent but a slowdown is expected in the year 2011-2012 with a projected growth of 8.0 per cent in both output and GDP arising in the sector.

**Global Prospects**

The Indian global economic and financial situation is recovering slowly. The large fiscal deficits and high debt ratios coupled with slow economic growth have created unsettling conditions for business and have potential for causing great volatility in financial markets. It is hard to visualize strong economic growth in the advanced economies in 2011 and to a large extent in 2012. The implications of this, for India's strategy to return to the 9.5 percent growth trajectory, are that public policy must promote business confidence and facilitate increased investment.

**B. OPPORTUNITIES:**

By general consensus, India has been blessed by nature for its wide varieties of granite which, are not found anywhere in the world. Also the market demand for granite products is increasing in countries with high annual growth rate, like Spain, China, Hong Kong, East Europe etc. The market potential is abundant and there are excellent prospects for the Indian granite industry to get better share in the world market.

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

**C. THREATS:**

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

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

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

**D. OUTLOOK:**

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

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

**E. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

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

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

Despite the challenges of the environment and the strategic drive to integrate and transform, the organization financial performance was strong. Company achieved a turnover of Rs. 6077.34 lakh during the period under review in comparison to the last year 2009-10 i.e., Rs. 6726.49 lakh. The Net Profit after Tax of the Company is Rs.353.55 Lakh as against Rs.798.21 Lakh in the previous year. The decrease in the Net Profit is due to increase in Material & operating Cost.

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

Your Company has 251 employees on its rolls as on 31st March, 2011. Your Company value human resource as one of its most important assets, they being vital to the Company's performance and growth. The human resource systems promote co-operation and innovation within the employees and flexibility to adapt with the changing business needs. With an enlightened workers industrial relations in your Company continue to be healthy and cordial.

**H. CAUTIONARY STATEMENT**

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

For Pacific Industries Limited

Sd/-

(J. P. Agarwal)

Chairman & Managing Director

PLACE : Bedla, Udaipur

DATED : 27.08.2011

## AUDITORS REPORT

To,  
The Members,  
Pacific Industries Limited

We have audited the attached Balance Sheet of M/s PACIFIC INDUSTRIES LIMITED as at 31st March, 2011 and also the annexed Profit & Loss A/c and Cash Flow Statement of the company for the year ending on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books
3. The balance sheet and profit & loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the balance sheet, profit & loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956 except:- **(a) Accounting Standard 15 : Employee Benefits & (b) Accounting standard 11: The effects of changes in foreign exchange rates w.r.t old balances.**
5. On the basis of written representations received from directors, as on 31.03.2011 and taken on record by the Board of the Directors, we report that none of the director is disqualified as on 31.03.2011 from being appointed as a director in terms of clause 'g' of sub-section (1) of section 274 of the companies Act, 1956.



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

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

and read together with other accounting policies & notes on accounts, give the information required by the companies Act, 1956 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of Balance Sheet of the state of affairs of the company as at March 31, 2011 and
- b) In case of Profit & Loss accounts of the profit of the Company for the year ended on that date.
- c) In the case of Cash Flow statement of the cash flows for the year ended on that date.

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

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

**Place : UDAIPUR**  
**Date : AUGUST 27,2011**  
**Re:Pacific Industries Limited**

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, Fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial / major part of the fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is adequate looking the size and affairs of the Company.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records have been appropriately dealt with in the books of accounts.
- (iii) (a) The company has not granted unsecured loan to parties covered in the register maintained under section 301 of the companies act, 1956. Hence the sub-clause (b), (c), (d) of clause (iii) of the order is inapplicable.
- (e) The company has taken interest free unsecured loans from 5 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding at a point of time during the year was Rs. 9,84,89,466/- and the year end balance of loan taken from such parties was Rs. 1,48,42,466/- .
- (f) In our opinion, terms & conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (g) According to the information & explanation the unsecured loans taken are repayable on demand and there is no repayment schedule and the company is regular in making payment of principal amount and interest due on loans taken by it wherever stipulation for its repayment has been made.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its

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

- (v) (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, such transactions in respect of any party listed in the register maintained under Section 301 of the companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time
- (vi) According to the information and explanation given to us, the company has not accepted any deposits from the public. Therefore the provision of clause (vi) of paragraph 4 of the order are not applicable to the company.
- (vii) In our opinion, the company does not have an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information & explanation given to us the Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 in respect of the products manufactured by the company.
- (ix) (a) To the best of our knowledge and information obtained and verifications made, we report that the company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, and other material statutory dues applicable to it, except few delays. There are no undisputed amount payable in respect of such dues which have remained outstanding as at 31st march 2011 for a period exceeding six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no pending dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which are not deposited on account of any dispute.
- (x) The company is not having accumulated losses at the end of the year and company has not incurred cash losses during current year and in immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank during the current financial year .
- (xii) In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, the question of maintenance of records or reporting on deficiencies does not arises.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore. the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, during the year under audit , the company did not engage in dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanation given to us ,the company has not given any guarantee for loans taken by others from Banks or Financial institutions.
- (xvi) To the best of knowledge and belief and according to the information & explanation given to us, the company has not availed the term loan during the year under review therefore the said clause is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arises.
- (xix) According to the information and explanations given to us, the company has not issued any debentures.

- (xx) According to the information and explanation given to us the company has not raised any money from Public Issue during the year hence the question of disclosure and verification of end use of such money does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-  
**(M.K.Gupta)**  
Partner  
M.No. 073515

Place : UDAIPUR  
Date : AUGUST 27 ,2011

**BALANCE SHEET AS AT 31st MARCH, 2011**

Particulars	Schedule No.	As at 31-03-2011 Rs.	As at 31-03-2010 (Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholder's Funds</b>			
(a) Share Capital	1	13515000	13515000
(b) Reserves & Surplus	2	355882091	320252355
		<u>369397091</u>	<u>333767355</u>
<b>2. Loan Funds</b>			
(a) Secured Loans	3	8419824	14482877
(b) Unsecured Loans	4	89439337	61180681
		<u>97859161</u>	<u>75663558</u>
<b>TOTAL</b>		<u>467256252</u>	<u>409430913</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	5	791821102	758983555
(b) Less: Depreciation		612910146	578781486
(c) Net Block		178910956	180202069
(d) Capital Work-in-Progress		0	165576
		<u>178910956</u>	<u>180367645</u>
<b>2. Investments</b>	6	450300	450300
<b>3. Current Assets, Loans &amp; Advances</b>			
(a) Inventories	7	259962972	246937191
(b) Receivables	8	165728283	165542213
(c) Cash & Bank Balances	9	13119387	5702043
(d) Loans & Advances	10	124198591	133531558
<b>(A)</b>		<u>563009233</u>	<u>551713005</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
(a) Liabilities	11	265765697	306315518
(b) Provisions		9348540	16784519
<b>(B)</b>		<u>275114237</u>	<u>323100037</u>
<b>Net Current Assets (A-B)</b>		<u>287894996</u>	<u>228612968</u>
<b>TOTAL</b>		<u>467256252</u>	<u>409430913</u>

ACCOUNTING POLICIES & NOTES ON ACCOUNTS 17

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For A.Bafna & Co.  
Chartered Accountants  
FRN:-003660C

For and on behalf of the board

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

Sd/-  
DEVENDRA MALIWAL  
Executive Director

Sd/-  
KAPIL AGARWAL  
Executive Director

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

Place: UDAIPUR

Dated: August 27, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

Particulars	Schedule No.	Year ended on 31-03-2011 (Rs.)	Year ended on 31-03-2010 (Rs.)
<b>INCOME</b>			
Gross Turnover		611024508	675254569
Less-Excise Duty		3290581	2605869
Net Turnover		<u>607733927</u>	<u>672648700</u>
Other Income	12	2183962	5498136
Increase/Decrease in Stock	13	8314981	20551909
<b>TOTAL</b>		<u><u>618232869</u></u>	<u><u>698698745</u></u>
<b>EXPENDITURE</b>			
Material Cost	14	370225551	389464223
Manufacturing & Other Expenses	15	164213375	171038658
Financial Expenses	16	4961467	3039567
Depreciation	5	34128660	36394789
<b>TOTAL</b>		<u><u>573529052</u></u>	<u><u>599937237</u></u>
Profit/Loss Before Taxation		44703817	98761508
Less: Provision For Income Tax		9348540	16784519
Less: Prior Period Tax Expenses		0	2155775
Profit For The Year After Taxation		<u>35355277</u>	<u>79821214</u>
Profit Brought Forward		320252355	241021542
Add/Less: Prior Period Adjustment		274459	590401
Available for Appropriation		<u><u>355882091</u></u>	<u><u>320252355</u></u>
 Profit/(Loss) Carried Forward To Balance Sheet		 355882091	 320252355
 Basic and diluted Earnings per Share (EPS)		 26.36	 58.62
Nominal value of per share Rs. 10)			
 Number of shares for computation of EPS		 1351500	 1351500

**ACCOUNTING POLICIES & NOTES ON ACCOUNTS 17**

The Schedules referred to above form an integral part of the Profit & Loss Account.

**As per our report of even date attached**
**For A.Bafna & Co.**
**Chartered Accountants**
**FRN:- 003660C**
**For and on behalf of the board**
**S/d-**  
**M.K.GUPTA**  
**Partner**
**M.No. 073515**
**Place: UDAIPUR**
**Dated: August 27, 2011**
**S/d-**  
**DEVENDRA MALIWAL**  
**Executive Director**
**S/d-**  
**KAPIL AGARWAL**  
**Executive Director**
**S/d-**  
**J. P. AGARWAL**  
**Chairman & Mg. Director**

**Schedules 1 to 17 Annexed to and forming integral part of the Balance Sheet as at 31st March, 2011  
and Profit & Loss Account for the Year ended 31st March, 2011**

	<b>As at 31-03-2011 (Rs.)</b>	<b>As at 31-03-2010 (Rs.)</b>
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,00,000 Equity Shares of Rs. 10/- each	<u><u>250000000</u></u>	<u><u>250000000</u></u>
<b>Issued Subscribed &amp; Paid up</b>		
13,51,500 Equity Shares of Rs. 10/- each (Previous Year 13,51,500 Equity Shares of Rs. 10/- each)	13515000	13515000
<b>TOTAL</b>	<u><u>13515000</u></u>	<u><u>13515000</u></u>
<b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	355882091	320252355
<b>TOTAL</b>	<u><u>355882091</u></u>	<u><u>320252355</u></u>
<b>SCHEDULE 3: SECURED LOANS</b>		
Working Capital Borrowings from Bank	2624511	5365073
Vehicle Loan Bank .	5795313	9117804
<b>TOTAL</b>	<u><u>8419824</u></u>	<u><u>14482877</u></u>
<p>Vehicle loan is secured by way of Hypothecation of concerned vehicle.</p> <p>Working Capital Borrowing from Bank of Baroda is secured by way of hypothecation of inventory i.e. Raw Materials. Stock in process, Finished Goods, Store &amp; Spares and book debts (both present and future) and guaranteed by the Directors of the Company.</p>		
<b>SCHEDULE 4: UNSECURED LOANS</b>		
(a) From Directors	0	0
(b) From Corporate bodies	81911750	49653094
(c) Security Deposit from Customers	7527587	11527587
<b>TOTAL</b>	<u><u>89439337</u></u>	<u><u>61180681</u></u>





<b>SCHEDULE 5: FIXED ASSETS</b>											
	Gross Block				Depreciation				Net Block		
	Cost as at 01.04.2010	Addition During the year	Deduction/ Adjustment	Total as at 31-03-11	As at 01.04.2010	For the year	Sales/ Adjust	As at 31-03-11	As at 31-03-11	As at 31-03-2010	
1. Land	30008789	0	0	30008789	0	0	0	0	30008789	30008789	
2. Building	82964318	857500	0	83821818	35434358	3686742	0	39121100	44700718	47529960	
3. Plant & Machinery	517253338	31343907	0	548597245	436096710	26300445	0	462397155	86200090	81156628	
4. Furniture & Fixture	6546627	636140	0	7182767	5059088	207789	0	5266877	1915890	1487539	
5. Vehicle	25704115	0	0	25704115	10510280	3933684	0	14443964	11260151	15193835	
6. Misc. Ass. Mining Equipments	96506368	0	0	96506368	91681049	0	0	91681049	4825319	4825319	
<b>TOTAL</b>	<b>758983555</b>	<b>32837547</b>	<b>0</b>	<b>791821102</b>	<b>578781486</b>	<b>34128660</b>	<b>0</b>	<b>612910146</b>	<b>178910956</b>	<b>180202069</b>	
Previous year	744181146	15035872	233463	758983555	542386697	36394789	0	578781486	180202069	201794449	
Capital Work in Progress											
<b>GRAND TOTAL</b>	<b>758983555</b>	<b>32837547</b>	<b>0</b>	<b>791821102</b>	<b>578781486</b>	<b>34128660</b>	<b>0</b>	<b>612910146</b>	<b>178910956</b>	<b>180202069</b>	

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

			<b>As at</b>	<b>As at</b>
			<b>31-03-2011</b>	<b>31-03-2010</b>
			<b>(Rs.)</b>	<b>(Rs.)</b>
100	(100)	Equity Shares of Narmada Chematur Petro Ltd. of Rs. 10/- each Fully Paid-up	<b>2000</b>	2000
6100	(6,100)	Equity shares of Sattelite Engg. Ltd. of Rs. 10/- each Fully Paid-up	<b>122000</b>	122000
500	(500)	Equity Shares of Jaicrop Limited of Rs. 10/- each Fully Paid-up	<b>55000</b>	55000
12200	(12,200)	Equity Shares of Uni Royal Textile India Limited of Rs. 10/- each Fully Paid-up	<b>122000</b>	122000
400	(400)	Equity Shares of Fedral Bank Ltd. of Rs. 10/- each Fully Paid-up	<b>36000</b>	36000
100	(100)	Equity Shares of Liberty Shoes Ltd. of Rs. 10/- each Fully Paid-up	<b>9900</b>	9900
2400	(2,400)	Equity Shares of Bharat Immunosil Limited of Rs. 10/- each Fully Paid-up	<b>24000</b>	24000
120	(120)	Equity Shares of Bajaj Auto Finance Ltd. of Rs. 10/- each Fully Paid-up	<b>39000</b>	39000
Total Quoted Cost (A)			<b><u>409900</u></b>	<u>409900</u>
<b><u>LONG TERM UNQUOTED (AT COST)</u></b>				
NIL	NIL	National Saving Certificate (Pledge with the Govt.) Face Value	<b>40400</b>	40400
Total Unquoted Cost (B)			<b><u>40400</u></b>	<u>40400</u>
TOTAL INVESTMENTS (A+B)			<b><u>450300</u></b>	<u>450300</u>
QUOTED COST			<b>409900</b>	409900
MARKET VALUE			<b>702521</b>	478330
UNQUOTED COST			<b><u>40400</u></b>	<u>40400</u>
			<b><u>450300</u></b>	<u>450300</u>

	<b>As at 31-03-2011 (Rs.)</b>		<b>As at 31-03-2010 (Rs.)</b>
<b>SCHEDULE 7: INVENTORIES</b>			
<b>AS TAKEN, VALUED AND CERTIFIED BY THE MANAGEMENT</b>			
Raw Material	<b>42274439</b>		41301592
Consumables	<b>26840132</b>		23102178.77
Stock in Process	<b>26976281</b>		37966334
Finished Goods	<b><u>154682937</u></b>	<b>250773789</b>	<b><u>134818872</u></b> 237188976
Scrap		<b>9189183</b>	9252119
Material in Transit			496096
<b>TOTAL</b>		<b><u>259962972</u></b>	<b><u>246937191</u></b>

	<b>As at 31-03-2011 (Rs.)</b>	<b>As at 31-03-2010 (Rs.)</b>
<b>SCHEDULE 8: RECEIVABLES</b>		
(Unsecured but considered good)		
More than six months	<b>52903049</b>	51169960
Others	<b>112825234</b>	114372253
<b>TOTAL</b>	<b><u>165728283</u></b>	<b><u>165542213</u></b>
 <b>SCHEDULE 9: CASH &amp; BANK BALANCES</b>		
(a) Cash in Hand	<b>2513378</b>	1767443
(b) Balances with Scheduled Banks		
1. In Bank of Baroda	<b>8933692</b>	2510072
2. Balance with other banks	<b>553792</b>	369825
3. In FDR (including deposited as margin money for BG/LC)	<b>1118525</b>	1054704
<b>TOTAL</b>	<b><u>13119387</u></b>	<b><u>5702043</u></b>
 <b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
(Unsecured but considered good)		
Advance recoverable in cash or kind or for value to be received	<b>116529958</b>	122197365
Security deposit (with government departments)	<b>5809795</b>	9475355
Security deposit (with others)	<b>1858838</b>	1858838
<b>TOTAL</b>	<b><u>124198591</u></b>	<b><u>133531558</u></b>

<b>SCHEDULE 11: CURRENT LIABILITIES</b>	<b>As at 31-03-2011 (Rs.)</b>	<b>As at 31-03-2010 (Rs.)</b>
<b>Sundry Creditors</b>		
For Materials	<b>106322918</b>	123046604
For Expenses	<b>24865722</b>	26174241
For Others	<u><b>17337463</b></u>	<u>7286815</u>
	<b>148526103</b>	156507660
Outstanding Liabilities	<b>18826460</b>	16963760
Income Tax deducted at Source	<b>185817</b>	481776
Advance from Customers	<u><b>98227317</b></u>	<u>132362322</u>
<b>TOTAL</b>	<u><u><b>265765697</b></u></u>	<u><u><b>306315518</b></u></u>
 <b>SCHEDULE 12: OTHER INCOME</b>		
C. S. T. Refund	<b>646322</b>	452530
DEPB SALES	<b>0</b>	409222
Interest Received	<b>1088917</b>	3627181
Miscellaneous Receipts	<u><b>448723</b></u>	<u>1009203</u>
<b>TOTAL</b>	<u><u><b>2183962</b></u></u>	<u><u><b>5498136</b></u></u>

<b>SCHEDULE 13:</b>	<b>Year ended on 31-03-2011 (Rs.)</b>	<b>Year ended on 31-03-2010 (Rs.)</b>
<b>INCREASE/ DECREASE IN STOCKS</b>		
<b>Closing Stock</b>		
Stock in Process	26976281	37966334
Finished Goods	154682937	135314968
Scrap	<u>9189183</u>	<u>9252119</u>
	<b>190848401</b>	<b>182533421</b>
<b>Less: Opening Stock</b>		
Stock in Process	37966334	37289315
Finished Goods	135314968	115121287
Scrap	<u>9252119</u>	<u>9570910</u>
	<b>182533421</b>	<b>161981512</b>
Increase/(Decrease) in Stocks	<u><u>8314981</u></u>	<u><u>20551910</u></u>
<b>SCHEDULE 14:</b>		
<b>MATERIAL COST</b>		
Raw Material- Indegenious	195804476	154200751
Raw Material -Imported	7129465	12764632
Raw Material -Marble	3419863	1625777
Raw Material -Natural Stone	<u>5110624</u>	<u>641787</u>
	<b>211464428</b>	<b>169232947</b>
<b>Consumables</b>		
Steel Blades	20228713	26360320
Steel Grit	39175568	39208940
Polishing Stone	<u>10288257</u>	<u>10113318</u>
	<b>69692538</b>	<b>75682578</b>
<b>Indegenious</b>		
Polishing Stone- Local	<u>1479840</u>	<u>2964185</u>
	<b>1479840</b>	<b>2964185</b>
<b>Stores &amp; Spares</b>		
Imported	9644331	11407766
Indegenious	<u>53962460</u>	<u>52335161</u>
	<b>63606792</b>	<b>63742927</b>
<b>Other Purchases</b>		
Finishing & Block Dressing Expense	98241	463526
Granite Trading Purchases	19902326	75890359
Marble Trading Purchase	<u>3981387</u>	<u>1487701</u>
	<b>23981954</b>	<b>77841586</b>
<b>TOTAL</b>	<u><u>370225551</u></u>	<u><u>389464223</u></u>

	<b>Year ended on 31-03-2011 (Rs.)</b>	<b>Year ended on 31-03-2010 (Rs.)</b>
<b>SCHEDULE 15:</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Factory Expenses	1808302	1066905
Power & Fuel	35076478	34681866
Repairs & Maintenance- Plant & Machinery	2368339	1548176
Tractor Hire Charges	2223413	2804343
Brazing exp.	270794	244896
<b>TOTAL</b>	<b>( A )</b> <b><u>41747326</u></b>	<b><u>40346186</u></b>
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
Salaries	11868936	11229584
Wages	13865397	12385445
Bonus & Ex-Gratia	1784742	1728332
Employer's Contribution to ESI	861969	655783
Employer's Contribution to PF	2188528	1951877
Gratuity	1938519	1704724
P.L.Encashment	777264	883666
Staff & labour Welfare	1955594	1055857
<b>TOTAL</b>	<b>( B )</b> <b><u>35240949</u></b>	<b><u>31595268</u></b>

**ADMINISTRATIVE & SELLING EXPENSES**

Advertisement	14614	46185
Auditor's Remuneration & Expenses	258678	303157
Business Guest Expenses	1146467	994277
Bad Debt	3586345	2043166
Charity & Donation	569000	136551
Commision on Sales	1668351	649898
Conveyance & Vehicle Running Expenses	3630406	2653352
Cost Recover Chgs.	0	110787
Director's Remuneration & Expenses	5163660	5136156
Discount on Sales	2099793	1688396
EDLI Charges	44132	41298
Exchange Rate Fluctuation	233148	12640887
Exibition Exp.	1908244	5334043
Fees & Subscription	842383	406875
Freight & Forwarding Expenses	46893108	43598156
Compensation /incentive	370911	1115931
Deduction on CST/VAT claim.	483704	829137
Insurance Premium	1371490	1608762
Legal Expenses	239938	343964
Listing Fees	69493	56221
Miscellaneous Expenditures	118932	1228640



Office Expenses		860119	363271
Office Rent		400000	960000
Professional charges		249619	337952
Postage, Telex, Telegram & Telephone, printing.		3906245	4364689
Rates & Taxes		562440	582508
Repair & Maintenance- Others		530413	475277
Sales Promotion		78003	352909
Security Service Expenses		785037	847360
Share Transfer Exp.		92941	40933
Travelling Expenses		9047486	9656607
Loss on insurance claim			149859
<b>TOTAL</b>	<b>( C )</b>	<b><u>87225100</u></b>	<b><u>99097204</u></b>
<b>GRAND TOTAL</b>	<b>(A)+(B)+( C )</b>	<b><u>164213375</u></b>	<b><u>171038658</u></b>
<b>SCHEDULE 16:</b>			
<b>FINANCIAL CHARGES</b>			
Bank Commission & Charges		1191249	1268957
Bank Interest		1539345	1535292
Interest others		2230873	235318
<b>TOTAL</b>		<b><u>4961467</u></b>	<b><u>3039567</u></b>

**SCHEDULE 17:****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(A) ACCOUNTING POLICIES:****(1) General:**

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

**(2) Use of Estimates :**

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

**(3) Revenue Recognition:**

- (i) Revenue in respect of sales of goods is recognized at the point of dispatch/ passage of title of goods to the customer. Sales are net of excise duty and sales tax.
- (ii) Insurance and other claims being unascertained are accounted on receipt basis.

**(4) Fixed Assets:**

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

**(5) Depreciation :**

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

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

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

**(6) Impairment of Assets :**

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

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

**(7) Investment:**

Investments are classified into current and long term investment.

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

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

**(8) Export Incentive:**

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

**(9) Employee Benefits:**

(i) Gratuity and leave encashment payable to employees, who are eligible are accounted for on accrual basis as it will become due for payment on last day of accounting year.

(ii) Provident fund paid/ payable during the year is charged to Profit & Loss Account.

**(10) Inventories:**

(i) Raw materials, stores & spares, consumables are valued at actual cost on FIFO basis.

(ii) Stock-in-process is valued at weighted average cost which includes cost of raw material, stores & spares and other consumable consumed and manufacturing expenses, production overheads and depreciation.

(iii) Finished goods are valued at cost or at estimated realizable value whichever is lower. Cost for this purpose includes raw materials, wages, manufacturing expenses, production overheads and depreciation.

(iv) Scrap is valued at estimated realizable value.

(v) Crazy/ wastage arising out of production is valued at net realizable value.

**(11) Foreign Currency Transactions:**

(i) Foreign Currency transactions are accounted for at the exchange rate prevailing on the date of such transaction, where such transactions are not covered by forward contracts. Gains/ Losses arising out of the fluctuation in the exchange rate are accounted for on realization.

(ii) Current assets & liabilities are translated at year-end rate. Exchange fluctuation, if any, are adjusted in profit and loss account (except related to fixed assets) during the year and the related current assets and liabilities accordingly restated in the balance sheet.

(iii) In respect of foreign currency taken for acquisition of fixed assets, any fluctuation arising due to such transactions are adjusted in the cost of the respective fixed assets.

**(12) Taxation**

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

**(13) Contingent Liabilities:**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**(B) NOTES ON ACCOUNTS:**

- (1) Contingent liability are not provided for in the matter of :
  - (a) Guarantees issued by bank on behalf of the Company Rs. NIL /- (Previous year Rs.6,00,000/-).
  - (b) Letter of credit issued by bank on behalf of the Company Rs.10,11,415 /- (Previous year Rs. 19,55,198/-).
  - (c) Show cause notice recd from excise authorities of Rs 1.02 crore in respect of excise duty imposed on ground of availing wrong benefit of exemption notification on imported marble blocks, however no demand has been received from the excise authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account
  - (d) Show Cause notice recd from excise authorities of Rs 4.94 crore in respect of custom duty under the provision of Custom Act 1962 imposed on ground of availing wrong benefit of exemption notification on imported marble blocks. However no demand has been received from the Custom authorities against the same and based on the legal opinion obtained, the company does not expect any liability on this account.

- (e) Demand of Rs 8.66 lacs against which the company has deposited Rs 8.66 lacs under Central Excise act against which the company has filed an appeal.
  - (f) Service Tax refund claim rejection of Rs 3.40 lacs against which the company is perusing the matter with concerned department.
- (2) Debit and Credit balances appearing under sundry debtors, advance recoverable in cash or in kind, unsecured loans, sundry creditors are subject to confirmation and reconciliation. Adjustment, if any, in these accounts will be made as and when finally reconciled and confirmed.
  - (3) Receivables have been taken at their book value, after making necessary adjustment on account of foreign exchange fluctuation.
  - (4) Consumption of raw material and consumables and stores & spares have been arrived at by adding purchases to opening stock and deducting closing stock there from.
  - (5) Net realizable value in respect of valuation of crazy/ waste arising out of production have been taken by the management on the basis of quotation received from various parties.
  - (6) The company has provided Gratuity provision on accrual method as it will become payable on accounting year's end. This provisioning method is not according to Accounting standard - 15 Employee benefits issued by the Institute of Chartered Accountants of India. The impact of difference between provisions made and required to be made as suggested in AS- 15 is unascertainable.
  - (7) During the year the Company has incurred exchange Loss of Rs.2,33,148 /- on account of Foreign exchange fluctuations (previous year loss of Rs. 1,26,40,887/-)
  - (8) In line with the notification dated 31st March, 2009 issued by The Ministry of Corporate Affairs, amending Accounting Standard AS11 'Effects of Changes in Foreign Exchange Rates', the Company has chosen to exercise the option under paragraph 46 inserted in the standard by the notification. Accordingly, the company has adjusted the foreign currency exchange differences on amounts outstanding for acquisition of fixed assets, to the carrying cost of fixed assets.
  - (9) FDR's includes FDR's, which are pledged against margin money Rs.11,18,525 /-, (Previous year Rs.10,54,704/-).
  - (10) The company has substantial amount of unabsorbed depreciation / business losses hence the company is liable to pay Minimum Alternate Tax (MAT) in accordance with the provisions of the Income tax Act, 1961. The same has been debited to P&L account of the company. MAT credit is not recognized as a measure of prudence. Further the company was running in heavy losses during earlier years and the company has substantial amount of unabsorbed depreciation/ business losses as per Income Tax Act. In view of accounting policy no. 12, the company has not recognized Deferred Tax Assets since there is no virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized. However the figures of the Deferred Tax liabilities / Assets as on 31.03.2011 is as under:-

Particulars	As on 31.03.2011	As on 31.03.2010
<b>Deferred Tax Liabilities</b>		
Difference in Books & IT Depreciation	Nil	Nil
<b>Deferred Tax Assets</b>		
Difference in Books & IT Depreciation	1318605	1774122
Expenses debited in P & L but to be allowed in Subsequent years in Income Tax.	3548230	3036665
Unabsorbed Depreciation / Loss	17343523	43502053
<b>Net Deferred Tax Assets</b>	22210358	48312840

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

Particulars	2010-2011	2008-2010
No. of Equity Shares ( weighted average )	1351500	1351500
Profit After Tax	3,53,66,447/-	7,92,30,813/-/-
Earning per share ( Basic & Dilutive )	26.36/-	58.62/-

**(14) Related parties information is as under - AS 18:**

(a) Key Management Personnel	Shri J. P. Agarwal (Chairman & Managing Director) Shri Kapil Agarwal (Whole Time Director) Shri Devendra Maliwal ( Executive Director)					
(b) Relatives	Shri Bholu Ram Agarwal Smt. Leela Devi Agarwal Smt. Geeta Devi Agarwal Ashish Agarwal Rahul Agarwal Ankit Agarwal Preeti Agarwal Shruti Agarwal Sarita Agarwal					
(c) Entities in which key management personnel and their relatives are interested.	Rameshwar Agencies Ruchita Exports Kapil Exports Geetanjali Marble Dhawal Marbles & Granites P. Ltd. Ojaswi Marbles & Granites P. Ltd. Rahul Marbles P. Ltd Amit Granites Pearl Exports Pacific Leasing & Research Ltd. Shruti Synthetics Ltd. J P Marble Pacific Education Society Ankit Buildmart P. Ltd. Geetanjali Infosystem P.Ltd. Krishna Marble Lakecity Housing Development P.Ltd Pacific Export Pearl Real Home Developer P. Ltd Rahul Awas Yojna P. Ltd. Rajat Housing Developer P. Ltd. Yesh processors Pvt. Ltd.					
Particulars	Referred in (a) Above (Rs. in Lacs)		Referred in (b) Above (Rs. in Lacs)		Referred in (c) Above (Rs. in Lacs)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchases:	0.00	0.00	0.00	0.00	17.94	10.76
Sales:	0.00	0.00	0.00	0.00	156.45	120.10
Salary	52.64	50.44	0.00	5.40	0.00	0.00
Expenses	0.00	0.00	0	0.00	0.17	0.00
Payables/Advance Received	0	4.24	4.5	.20	-121.21	-692.40
Loan Taken	0.00	0.00	0.00	0.00	1297.67	672.20
Loan Repaid	0.00	0.00	0	0	1298.05	972.58
Loan Outstanding as on 31 March 2011 (Liabilities)	0.00	7.25	4.05	4.89	495.14	493.05
Loan Outstanding as on 31 March 2011 (Assets)	0.00	0.00	4.22	0.00	350.	146.18

- (15) Figures are rounded off to the nearest rupees.
- (16) Payment to Auditors against fees during the year is as under:

<b>PARTICULARS</b>	<b>2010-11 (In Rs.)</b>	<b>2009-10 (In Rs.)</b>
Audit fees / Limited Review Fees	185,000/-	185,000/-
Tax audit fees		
Service tax	19,055/-	19,055/-
<b>Total</b>	<b>2,04,055/-</b>	<b>2,04,055/-</b>

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





**Additional information pursuant to the provision of paragraphs 3 and 4 of Part II of the schedule VI of the Companies Act, 1956**

19

(a) Capacity of Polished Granite Slabs / Tiles

Particulars	Current Year 2010-11	Previous Year 2009-10
Licensed capacity (P.A)	420000 SQM	420000 SQM
Installed Capacity : Slabs	360000 SQM	360000 SQM
Installed Capacity : Tiles	180000 SQM	180000 SQM

(b) Capacity of Marble Slabs / Tiles

Particulars	Current Year 2010-11	Previous Year 2009-10
Licensed capacity (P.A)	100000 SQM	100000 SQM
Installed Capacity : Slabs	100000 SQM	100000 SQM

(C) PARTICULARS OF GOODS MANUFACTURED/ PURCHASED AND SALES-BANGALORE

S.No.	Particulars	Unit	Opening Stock		Production/Purchase		Sales/Transfer		Closing Stock	
			Qty	Amount Rs.	Qty	Amount Rs.	Qty	Amount Rs.	Qty	Amount Rs.
1	Polished Granite Slabs (Previous Year)	Sq.Mt.	100,535 (99,718)	124,065,923 (107,879,322)	325762.38 (328,501)	---	311,679 (327,683)	537,264,487 (550,718,664)	114,619 (100,535)	145,834,759 (124,065,923)
2	Polished Granite Cut to Size (Previous Year)	Sq.Mt.	5,575 (4,380)	6,195,894 (4,806,851)	4488.55 (4,661)	---	5,039 (3,466)	9,622,251 (3,845,910)	5,024 (5,575)	6,062,752 (6,195,894)
3	Polished Marble Slabs (Previous Year)	Sq.Mt.	3,457 (1,508)	3,298,096 (1,100,081)	21541.28 (10,537)	---	24,321 (8,588)	16,933,768 (4,983,130)	678 (3,457)	495,045 (3,298,096)
4	Polished Marble Cut to Size (Previous Year)	Sq.Mt.	642 (538)	462,060 (455,422)	- (2,772)	---	- (2,668)	- (1,976,462)	642 (642)	- (462,060)
5	Polished Natural Stone (Previous Year)	Sq.Mt.	1,233 (1,291)	796,898 (879,611)	9628.10 (6,673)	---	9,217 (6,731)	12,255,791 (8,894,044)	1,645 (1,233)	1,795,582 (796,898)
6	-GRANITE SLABS (TRADING) (Previous Year)	Sq.Mt.	---	---	12,937 (51,366)	---	12,937 (51,366)	23,013,086 (96,352,653)	-	---
7	-GRANITE CUT TO SIZE (TRADING) (Previous Year)	Sq.Mt.	---	---	27 (516)	---	27 (516)	41,338 (572,416)	---	---
8	-MARBLE SLABS (TRADING) (Previous Year)	Sq.Mt.	---	---	1,795 (822)	---	1,795 (822)	2,255,523 (1,668,680)	---	---
9	-MARBLE CUT TO SIZE (TRADING) (Previous Year)	Sq.Mt.	---	---	6,335 (1,422)	---	6,335 (1,422)	4,791,983 (963,014)	---	---
10	-NATURAL STONES (TRADING) (Previous Year)	Sq.Mt.	---	---	381 (250)	---	381 (250)	842,266 (306,450)	---	---
11	-NATURAL STONES BLOCK (TRADING) (Previous Year)	M. T.	---	---	(25)	---	---	(125,700)	---	---
12	-DEPB SALES (Previous Year)		---	---	-	---	-	713,434 (2,241,577)	---	---
13	-OTHERS (HIGH SEAS SALE) BLOCK (Previous Year)	M. T.	---	---	-	---	-	-	---	---

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

	2010-11			2009-10		
	QTY	VALUE ( Rs.)	% AGE ( Value)	QTY	VALUE ( Rs.)	% AGE ( Value)
<b>(i) Raw Material (Rough Granite Blocks in Cubic Mtrs.)</b>						
Granite Indegenious	10494.59	195,804,476	92.59	9,137.46	154,200,751	91.12
Granite -Imported	248.50	7,129,465	3.37	284.00	12,764,632	7.54
Marble - Indegenious	1512.46	3,419,863	1.62	981.65	1,625,777	0.96
Natural stone	1467.50	5,110,624	2.42	2,672.22	641,787.00	0.38
	<b>13723.05</b>	<b>211464428.00</b>	<b>100.00</b>	<b>13,075.33</b>	<b>169,232,947</b>	<b>100</b>
<b>(ii) Consumables , store &amp; spare parts</b>						
<b>Indegenious</b>	-	55,442,301	41.14	-	55,299,346	38.84
		<b>55,442,301</b>	41.14		<b>55,299,346</b>	38.84
<b>Imported</b>						
Steel Blade	451542	20,228,713		500,237	26,360,320	
Steel Grit	793100	39,175,568		918,655	39,208,940	
Polishing Stone	143274	10,288,257		125,916	10,113,318	
Store & Spares	-	9,644,331		-	11,407,766	
		<b>79,336,869</b>	58.86		<b>87,090,344</b>	61.16
		<b>134,779,170</b>	<b>100.00</b>		<b>142,389,690</b>	<b>100.00</b>

**(e) Value of Imports Calculated on CIF Basis**

Particular	2010-11 (Rs.)	2009-10 (Rs.)
(i) Raw Material	<b>3,944,844</b>	<b>17,247,340</b>
(ii) <b>Consumables</b>		
Steel Blade	20,986,681	25,858,964
Steel Grit	39,362,453	40,364,937
Polishing Stone	10,555,148	9,771,186
Imported store & spare	<u>4,877,657</u>	<u>11,742,281</u>
Total	<u><b>75,781,939</b></u>	<u><b>87,737,368</b></u>
(iii) Capital Goods	-	-
<b>Grand Total (i) + (ii) + (iii)</b>	<b>79,726,783</b>	<b>104,984,708</b>

**(f) Expenses in Foreign Currency :**

Foreign Travelling	202,680	422,557
Advertisement	-	21,650
Commission	339,824	254,870

**(g) Earnings in Foreign Exchange:**

FOB Value of Exports	569445133	637669305
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- (h) There is no expenditure incurred on employees, who were in receipt of remuneration in the aggregate of not less than Rs.24,00,000/- per annum, if employed throughout the year or 2,00,000/- per month, if employed for a part of the year (previous year NIL) , as per Annexure - B of Director's Report.

**As per our report of even date attached**

**For A.Bafna & Co.**

**Chartered Accountants**

**FRN:- 003660C**

**For and on behalf of the board**

Sd/-

**M.K.GUPTA**

**Partner**

**M.No. 073515**

**Place: UDAIPUR**

**Dated : August 27, 2011**

Sd/-

**DEVENDRA MALIWAL**

**Executive Director**

Sd/-

**KAPIL AGARWAL**

**Executive Director**

Sd/-

**J. P. AGARWAL**

**Chairman & Mg. Director**

PARTICULARS	As on	As on
	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before Tax and Extraordinary Items	447.04	966.06
Depreciation & Amortisation	341.29	363.95
Other Income not relating to operations	(21.84)	(54.98)
Bad Debts Provision Revert Back	0.00	0.00
Profit on Sale of Assets	0.00	0.00
Decrease (Increase) in Investments	0.00	0.00
Other Financial Exp.	11.91	12.69
Interest (Net)	37.70	17.71
<b>Total</b>	<b>816.10</b>	<b>1305.42</b>
Decrease (Increase) in Trade & Other Receivables	(1.86)	89.61
Decrease (Increase) in Investments		
Decrease (Increase) in Inventories	(130.26)	(515.94)
Increase (Decrease) in Current Liabilities	(405.50)	(280.82)
Decrease (Increase) in Loans & Advances	93.33	(37.97)
Interest Paid (Net)	0.00	0.00
<b>Total</b>	<b>(444.29)</b>	<b>(745.11)</b>
Cash Flow before Extraordinary Items	371.81	560.31
Taxes Paid	(167.85)	(170.12)
Extra-ordinary Items	2.74	(5.90)
<b>Net Cash from Operations</b>	<b>206.71</b>	<b>384.29</b>
<b>B. Cash Flow From Investing Activities:</b>		
Purchase of Fixed Assets	(328.38)	(150.36)
Sale of land		2.33
Decrease (Increase) in Capital Work in Progress	1.66	5.27
Other Income	21.84	54.98
<b>Net Cash From Investing</b>	<b>(304.88)</b>	<b>(87.78)</b>
<b>C. Cash Flow From Financing Activities:</b>		
Repayment of Long Term Borrowings	221.96	(312.12)
Increase (Decrease) in Reserves & Surplus	0.00	0.00
Issue of Shares	0.00	0.00
Other Financial Exp.	(11.91)	(12.69)
Interest (Net)	(37.70)	(17.71)
<b>Net Cash From Financing Activities</b>	<b>172.34</b>	<b>(342.52)</b>
Total Increase (Decrease) in Cash & Cash Equivalents	74.17	(46.01)
Cash & Cash Equivalents at the beginning of the year	57.03	103.04
<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>131.20</b>	<b>57.03</b>

As per our report of even date attached  
For A.Bafna & Co.  
Chartered Accountants  
FRN:-003660C

For and on behalf of the board

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

Sd/  
**DEVENDRA MALIWAL**  
Executive Director

Sd/  
**KAPIL AGARWAL**  
Executive Director

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

Place: UDAIPUR  
Dated: AUGUST 27,2011

**1. REGISTRATION DETAILS**

Registration No.	5051
State Code	17
Balance Sheet Date	31.03.2011

**2. CAPITAL RAISED DURING THE YEAR (Amount in Rs.Thousands)**

Public	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS(Amount in Rs.Thousands):**

<b>Total Liabilities (Sources of Funds)</b>	<b>Amount (Rs.)</b>	<b>Total Assets (Rs.) (Application of Funds)</b>	<b>Amount (Rs.)</b>
Paid-up Capital	13515.00	Net Fixed Assets	178910.96
Reserves & Surplus	355882.09	Capital Work in Progress	0.00
Secured Loans	8419.82	Investments	450.30
Unsecured Loans	89439.34	Net Current Assets	287894.99
<b>Total</b>	<b><u><u>467256.25</u></u></b>	<b>Total</b>	<b><u><u>467256.25</u></u></b>

**4. PERFORMANCE OF COMPANY(Amount in Rs.Thousands):**

Turnover and Other Income	609917.89
Total Expenditure	565214.07
Profit (Loss) Before Tax	44703.81
Profit (Loss) After Tax	35355.27
Earning per Share (Rs.)	26.36
Dividend Rate (%)	.....

**5. GENERIC NAME OF PRINCIPAL:**

Product of the Company (as per monetary terms) Polished Granite Slabs/ Tiles

Item Code No. (ITC Code) 68022301  
 Product Description

**FOR AND ON BEHALF OF THE BOARD**

Sd/- <b>DEVENDRA MALIWAL</b> Executive Director	Sd/- <b>KAPIL AGARWAL</b> Executive Director	Sd/- <b>J. P. AGARWAL</b> Chairman & Managing Director
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Place: UDAIPUR

**ATTENDANCE SLIP**

**Pacific Industries Limited**

**Registered Office: Village Bedla, Udaipur - 313 004, Rajasthan.**

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

I hereby record my presence at the 22nd Annual General Meeting of the Company to be held at **Village Bedla, Udaipur - 313 004, Rajasthan** on Friday the 30<sup>th</sup> September, 2011 at 10.00 A. M.

Folio No. # \_\_\_\_\_

DP ID\* \_\_\_\_\_

No. of shares held \_\_\_\_\_

CLIENT ID\* \_\_\_\_\_

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

Signature

# Applicable for shares held in physical form.

\* Applicable for shares held in dematerialized form.

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

.....  
**PROXY FORM**

**Pacific Industries Limited**

**Registered Office: Village Bedla, Udaipur - 313 004, Rajasthan.**

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member(s) of **Pacific Industries Limited** hereby appoint Mr. / Mrs. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her Mr./ Mrs. of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held at **Village Bedla, Udaipur - 313 004, Rajasthan** on Friday the 30<sup>th</sup> September, 2011 at 10.00 A. M. and at any adjournment thereof.

Folio No. # \_\_\_\_\_

DP ID\* \_\_\_\_\_

No. of shares held \_\_\_\_\_

CLIENT ID\* \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Signature

Affix Rs. One  
Revenue Stamp

# Applicable for shares held in physical form.

\* Applicable for shares held in dematerialized form.

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