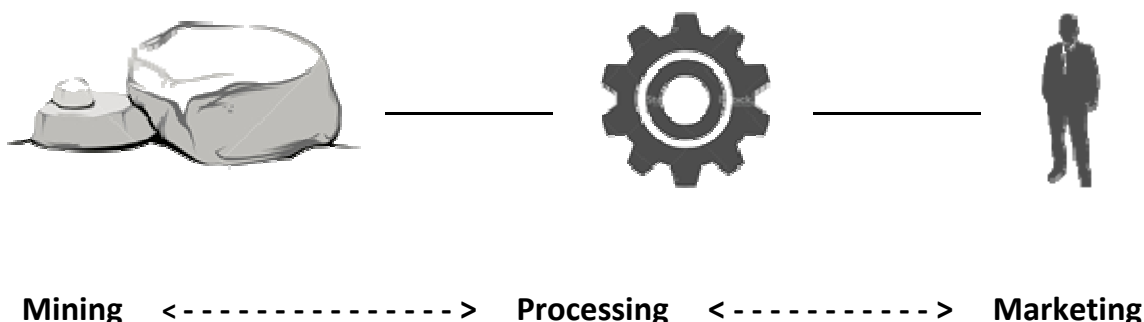




## About Us

### Vision / Mission

With the passage of time we would like to translate our vision into reality by accomplishing the following achievements one of our primary targets is to achieve total integration by dynamically fusing backward as well as forward integration – i.e.



To make persistent Team efforts to establish Global Marketing penetration.

To uphold and sustain our existing Global Goodwill and Brand Equity Value.

To become a notable Market Leader among the similar players.

To share a part of our profits for Socially Useful Productive and Charitable Ventures.

To make new innovations happen, rather than watching how things happen.

### Mission

We are a name to reckon with in the Global Market of the Stone sector. We have mission and passion to excel in whatever we do.

### Our Mission

We strive to excel in the stone industry by giving our best to the customers in products and services. We focus on constantly updating technology to deliver superior quality along with fulfilling our social responsibility of providing education & health to the society.

## Inside this Report

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<b>Statutory Reports</b>	10 28 31 32 34 50	Notice of Annual General Meeting Management's Discussion and Analysis Auditors' Certificate on Corporate Governance CEO/CFO Certification Corporate Governance Report Directors' Report	<b>Share-holders Information</b>	88	Attendance Slip and Proxy Form

## The Board of Directors

<b>1.</b> <b>Mr. J. P. Agarwal</b> Chairman & Managing Director DIN : 00386183	<b>2.</b> <b>Mr. Kapil Agarwal</b> Executive Director DIN : 00386298	<b>3.</b> <b>Mr. S. M. Agarwal</b> Non-executive Independent Director DIN : 01560532
<b>4.</b> <b>Mr. Jayanti Oza</b> Non-executive Independent Director DIN : 00923740	<b>5.</b> <b>Mr. Sumeet Agarwal</b> Non-executive Independent Director DIN : 02484015	<b>6.</b> <b>Mr. Mangi Lal Dangi</b> Non-executive Independent Director DIN : 01988948
<b>7.</b> <b>Mr. Vinod Choudhary<sup>1</sup></b> Additional Director DIN : 03390324	<b>8.</b> <b>Mrs. Geetadevi Agarwal<sup>2</sup></b> Additional Director DIN : 00386331	

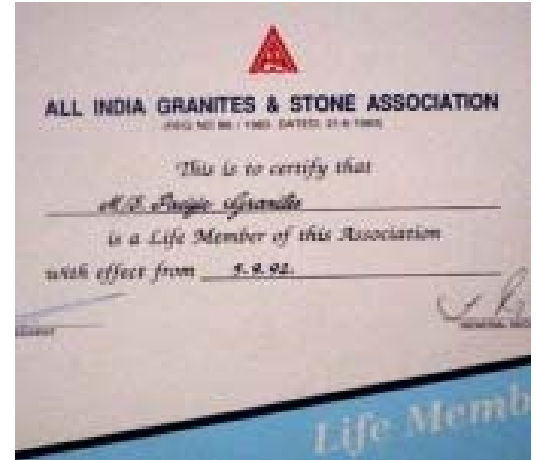
\*1. Appointed as Additional Director with effect from 14<sup>th</sup> day of august, 2014.

\*2. Appointed as Additional Director with effect from 14<sup>th</sup> day of august, 2014.

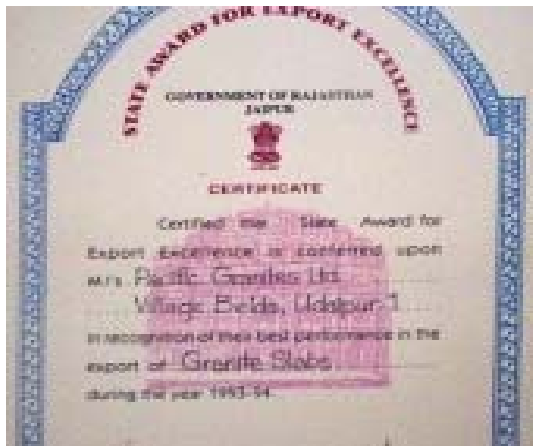
## Awards and Recognitions



**Certificate of Membership of  
Confederation of Export Units**



**Certificate of Life Member of All India  
Granites & Stone Association**



**State Award for Export Excellence**



**Certificate of Life Member of Centre  
for Development of Stones**



Certificate of Best Stand Award given for the Good international stand in Reed Exhibition, South Africa. Award issued by STONEMART



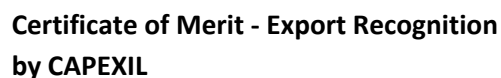
Second Prize in Category Stones and Stones Product (Indoor)



Best International Stand in Afribuild, 2001



2<sup>nd</sup> Prize by CII and CDOS



## Company's Quality Policy

**The tangible and result-oriented systems that we have crafted for ourselves are**

### Team Work

The members of Pacific Family have love, faith and confidence in one another. We try to separate individuals from issues and work together as a team with dedication for our work culture.

### Sensitivity

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.

### Competence

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

### Cost Effectiveness

Our cost effectiveness is directly and ultimately linked up with our Economies of Scale and Total Integration. This is what keeps us moving forward with agility and dynamism. It is obviously one of the most significant factors which motivate us to establish a long lasting link and bond with our customers. It has come to such an extent that our clients begin to identify themselves with us.

### Accountability

All the employees of the group are engaged in their respective tasks with a strong sense of accountability. We constantly and consistently work together without any kind of prejudices, bias or mutual distrust. This spirit keeps on inspiring each and everyone.

### Adaptability

We have developed a strong and persistent work culture to operate successfully in diverse business environments by adapting ourselves to new technologies and complexities in different spheres of our work. Adjustability and adaptability thus have become a part of day to day work.

### Delivery Schedules

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.



## Company Information

Board of Directors		Board Committees	
<b>Executive Directors</b>	<b>Non Executive Directors</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>
Mr. J. P. Agarwal (Chairman cum Managing Director)	Mr. S. M. Agarwal	Mr. S. M. Agarwal	Mr. S. M. Agarwal
Mr. Kapil Agarwal	Mr. Jayanti Oza	Mr. Jayanti Oza	Mr. Jayanti Oza
	Mr. Sumeet Agarwal	Mr. Sumeet Agarwal	Mr. Sumeet Agarwal
	Mr. Mangi Lal Dangi		
	Mrs. Geeta Devi Agarwal	<b>Shareholder's/Investor Grievance Committee</b>	
<b>Woman Director</b>	Mr. Vinod Choudhary	Mr. S. M. Agarwal	
Mrs. Geeta Devi Agarwal		Mr. Jayanti Oza	
		Mr. Sumeet Agarwal	

## Banker's

### HDFC Bank Limited

HDFC House Senapati Bapat Marg, Lower  
Parel (W), Mumbai Maharashtra - 400013

Registered Office	Registrar & Share Transfer Agents
Survey No. 13, N.H. 48, Kempalingahalli, Nelamangala Taluk Bangalore - 562123 Karnataka Tel. No. : 080-27723004 Fax No. : 080-27723005 E-mail: <a href="mailto:pilnorth@pacificgranites.com">pilnorth@pacificgranites.com</a> URL: <a href="http://www.pacificindustriesltd.com">www.pacificindustriesltd.com</a> CIN: L14101KA1989PLC062041	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai Maharastra - 400 078 Tel.: 022-25963838 Fax : 022-25946969 E-mail : <a href="mailto:mumbail@linkintime.co.in">mumbail@linkintime.co.in</a>

Statutory Auditors	Plant Location
M/S A. Bafna & Co. Chartered Accountants K-2, Raj Appartment, Keshav Path , C-Scheme, Jaipur Rajasthan - 302001	Unit I : Village : Bedla, Udaipur-313004 (Rajasthan) Tel. No. : 0294-2440933 Fax No. : 0294-2440780  Unit II : Village : Survey No. 13, Kempalingahalli Nelamangala Taluk (Rural) Bangalore-562123 (Karnataka) Tel. No. : 080-27723004 Fax No. : 080-27723005

## FINANCIAL HIGHLIGHTS

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Revenue from Operation	7986.64	8825.11
Other Income	345.54	291.24
<b>Total Income</b>	<b>8188.46</b>	<b>9055.78</b>
Depreciation and Amortization	311.03	280.61
Exceptional Items	-	-
Profit For the Year	943.40	1089.55
Equity Share Capital	135.15	135.15
Equity Share Suspense Account	-	-
Equity Share Warrants	-	-
Reserves and Surplus	5620.05	4873.28
Net Fixed Assets	3093.45	1800.39
<b>Total Assets</b>	<b>11225.21</b>	<b>9819.42</b>

## Notice

Notice is hereby given that the Twenty Fifth Annual General Meeting of the members of Pacific Industries Limited will be held on Tuesday, September 30, 2014 at 10.00 A. M. at Registered Office of the company situated at Survey No. 13, N.H. 48, Kempalingahalli, Nelamangala Taluk, Bangalore Karnataka - 562123 to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit & Loss 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 place of Mr. Mangi Lal Dangi (DIN : 01988948) , who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. M. Agarwal (DIN : 01560532) , who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s. A. Bafna & Company, Chartered Accountants (Registration No. 003660C), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

### SPECIAL BUSINESS

5. To re-appoint Shri J. P. Agarwal (DIN : 00386183) as a Director designated as Chairman & Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of

the Company be and is hereby accorded to the re-appointment of Shri J. P. Agarwal (DIN : 00386183) as a Director, designated as Chairman & Managing Director of the Company, for a period of 5 (five) years with effect from September 30, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri J. P. Agarwal (DIN : 00386183), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To re-appoint Shri Kapil Agarwal (DIN : 00386298) as a Director designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Kapil Agarwal (DIN : 00386298) as a Director, designated as Executive Director of the Company, for a period of 5 (five) years with effect from September 30, 2014 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Human Resources, Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Shri Kapil Agarwal (DIN : 00386298), subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

**“RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. To appoint Smt. Geeta Devi Agarwal (DIN : 00386331) as an Non – Executive cum Woman Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. Geeta Devi Agarwal (DIN : 00386331), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Non – Executive cum Woman Director of the Company and her period of office is liable to retire by rotation.”

8. To appoint Shri. Vinod Choudhary (DIN : 03390324) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. Vinod Choudhary (DIN : 03390324), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company and his period of office liable to retire by rotation.”

9. To consider and approve adoption of new set of Articles of Association of the Company and in this regard to consider if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

## Statement Pursuant To Section 102(1) of the Companies Act, 2013 ("The Act")

### Item No.: 5

The Board of Directors of the Company in their meeting held on 14<sup>th</sup> August, 2014 had resolved to re-appoint Mr. J. P. Agarwal as Chairman & Managing Director of the Company afresh w. e. f. 30th September, 2014 for a period of 5 (Five) Years at a remuneration given in this Explanatory Statement as per Schedule V of the Companies Act, 2013 and subject to such approval as may be required. The information required to be furnished to the shareholders in terms of Schedule V are being furnished here in below:

### (A) The Company

Pacific Industries Limited was incorporated as a public limited on 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<sup>st</sup> March, 2014 (Rs./lacs)</b>	<b>As at 31<sup>st</sup> March, 2013 (Rs./lacs)</b>	<b>As at 31<sup>st</sup> March, 2012 (Rs./lacs)</b>
Net Sales (including Exports)	7986.64	8825.11	5810.79
Net Profits after Tax	746.76	864.64	449.82

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

Mr. J. P. Agarwal, aged 57 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 5 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:**

2011-2012	Rs. 24,00,000/-
2012-2013	Rs. 24,00,000/-
2013-2014	Rs. 24,00,000/-

### **(E) Awards/Recognitions**

**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, Executive Director of the Company and Smt. Geeta Devi Agarwal, Additional 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 Chairman & Managing Director.

**(J) 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 V, annexed to the Companies Act, 2013 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, 2013 including Schedule, V annexed to the Companies Act, 2013 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 V to the Companies Act, 2013.

### **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 Chairman & 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."

Your Directors recommend the resolution for your approval.

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

### **Item No.: 6**

The Board of Directors of the Company in their meeting held on 14<sup>th</sup> August, 2014 had resolved to reappoint Mr. Kapil Agarwal as Executive Director w. e. f. 30/09/2014 for a period of 5 (Five) Years at a remuneration given in this Explanatory Statement as per Schedule V Part II Section (1)

(B) annexed to the Companies Act, 2013 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 its meeting held on 14<sup>th</sup> August, 2014. The information required to be furnished to the shareholders in terms of Schedule V Part II Section (1) (B) are being furnished here in below:

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

Pacific Industries Limited was incorporated as a public limited on 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<sup>st</sup> March, 2014 (Rs./lacs)</b>	<b>As at 31<sup>st</sup> March, 2013 (Rs./lacs)</b>	<b>As at 31<sup>st</sup> March, 2012 (Rs./lacs)</b>
Net Sales (including Exports)	7986.64	8825.11	5810.79
Net Profits after Tax	749.49	864.64	449.82

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

Mr. Kapil Agarwal, was appointed as Executive Director of the Company w.e.f. 23<sup>rd</sup> July, 2005. He has completed his studies in Business Administration from Western Michigan University, Kalamazoo, USA and possesses experience of export marketing.

Without any doubt, about the marvelous entrepreneurial skills of Mr. Kapil Agarwal and his rich experience in the field of Polished Granite Slabs and Tiles, the Board thinks appropriate to reappoint him as Executive Director of the Company for further 5 Years to achieve greater heights and his unfinished agenda.

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

### **(D) Remuneration paid to Mr. Kapil Agarwal during last two years:**

2011-2012	Rs. 24,00,000/-
2012-2013	Rs. 24,00,000/-
2013-2014	Rs. 24,00,000/-

**(E) Awards/Recognitions**

**NIL**

**(F) Job Profile:**

Mr. Kapil Agarwal, Executive Director will look after entire business of the Company and export business. His experience in the field will be advantageous to 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. Kapil Agarwal is totally in the line with the excellent performance made by the Company in export marketing under his leadership.

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

Mr. Kapil Agarwal, Executive Director is related with Mr. J. P. Agarwal, and Smt. Geeta Devi Agarwal 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 Executive Director.

**(J) Proposed remuneration of Mr. Kapil 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 V, annexed to the Companies Act, 2013 will be provided to the Executive 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 Executive Director.
- (iii) Reimbursement of entertainment, traveling and all other expenses, actually and properly incurred for the business of the Company.

- (iv) No sitting fees shall be payable to the Executive 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, 2013 including Schedule-V annexed to the Companies Act, 2013 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, Executive Director by way of salary, perquisites and allowance, as specified above, as minimum remuneration under Schedule V to the Companies Act, 2013

**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 Executive 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, Fls, approval of the Company in General Meeting and such other approvals, if any, as may be required.”

Your Directors recommend the resolution for your approval.

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

#### **Item No.: 7**

As per provisions of Sec. 149(1) of the Companies Act, 2013 and amended clause 49 of the Listing Agreement, the Company should have at least one Woman Director.

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Smt. Geeta Devi Agarwal as an Additional Director of the Company with effect from August 14, 2014.

In terms of the provisions of Section 161(1) of the Act, Smt. Geeta Devi Agarwal would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Smt. Geeta Devi Agarwal for the office of Director of the Company.

Smt. Geeta Devi Agarwal is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

In the opinion of the Board, Smt. Geeta Devi Agarwal fulfills the conditions for his appointment as a Director as specified in the Act and the Listing Agreement.

Brief resume of Smt. Geeta Devi Agarwal, aged 54 years nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Smt. Geeta Devi Agarwal is appointed as a Non-executive cum woman Director.

Copy of the draft letter for appointment of Smt. Geeta Devi Agarwal as an Non-executive cum woman Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Smt. Geeta Devi Agarwal, Mr. J. P. Agarwal and Mr. Kapil Agarwal and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

**Item No.: 8**

The Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Shri. Vinod Choudhary as an Additional Director of the Company with effect from August 14, 2014.

In terms of the provisions of Section 161(1) of the Act, Shri. Vinod Choudhary would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri. Vinod Choudhary for the office of Director of the Company.

Shri. Vinod Choudhary is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Shri. Vinod Choudhary that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Shri Vinod Choudhary possesses appropriate skills, experience and knowledge; inter alia, in the field of finance.

In the opinion of the Board, Shri. Vinod Choudhary fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Shri. Vinod Choudhary is independent of the management.

Brief resume of Shri. Vinod Choudhary, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Shri. Vinod Choudhary is appointed as an Independent Director.

Copy of the draft letter for appointment of Shri. Vinod Choudhary as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Save and except Shri. Vinod Choudhary and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

#### **Item No.: 9**

The existing Articles of Association (AoA) are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ('the Act').

With the coming into force of the new Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles. The new AOA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company's website, [www.hbportfolio.com](http://www.hbportfolio.com) for perusal of the shareholders. The draft AoA would also be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, up to and including the date of the Annual General Meeting.

The Board recommends the Special Resolution at Item No. 9 of the Notice for the approval of the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

**By Order of the Board**

Sd/-

J. P. Agarwal

Chairman & Managing Director

Bedla, Udaipur  
14<sup>th</sup> August, 2014

**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.
- b)** 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.
- c)** Corporate members are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the meeting.
- d)** Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- e)** 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).
- f)** As per the provisions of the Companies Act, 2013, 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.



- g) Those who are holding shares in electronic mode should give relevant details in this matter to their respective Depository Participant (DP).
- h) 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.
- i) 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.
- j) 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.**
- k) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 23<sup>rd</sup> September, 2014 to Tuesday, 30<sup>th</sup> September, 2014 both days inclusive.
- l) 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.
- m) 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.

#### **n) E-voting**

The Companies Act, 2013 and Clause 35B of the Listing Agreement requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings.

The E-Voting period shall commence from 09:30 AM on 23.09.2014 to 06:00 PM on 25.09.2014.

#### **Register e-mail address**

To contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors are requested to register their e-mail addresses with **M/s Link Intime India Private Limited**, if shares are held in physical mode or with their DP, if the holding is in electronic mode.

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### **Intimate Mobile Number**

Intimate your mobile number and changes therein if any to M/s Link Intime India Private Limited, if shares are held in physical mode or to your DP if the holding is in electronic mode, to receive communications on corporate actions and other information of the Company.

- O)** The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for availing Electronic Voting facility which is required as per provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014. Members having shares in physical form are requested to intimate their e-mail Ids to Registrar & Share Transfer Agents viz., Link Intime India Pvt. Ltd., and members holding shares in electronic form are requested to intimate their e-mail Ids to Depository Participants with whom they have maintained their Demat Account.

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select "Pacific Industries Ltd." from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

(viii) After entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for “ Pacific Industries Ltd.” on which you choose to vote.

(xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- a. Please follow all steps from sr. no. (i) to sr. no. xvii) above to cast vote.
- b. The voting period begins on 23.09.2014 at 9.30 AM and ends on 25.09.2014 at 6.00 PM. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 29.08.2014 (Record Date), may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**P) a)** Mr. Gaurav Vashishtha Practicing Company Secretary (CP NO 10101) has been appointed as Scrutinizer to scrutinize the voting process in a fair and transparent manner.

b) The Scrutinizer shall within a period not exceeding 5 (Five) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

A Member can opt for only one mode of voting, i.e., either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

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## Management Discussion and Analysis

### I. INDUSTRY

#### Overview of Indian Economy and Company Outlook

India continues to witness a very challenging economic environment. The global economy began its modest recovery in FY 2013-14 with improved demand from OECD economies in the second half of 2013. While the trend is expected to accelerate in the current year, the positive outlook is subdued by the potential consequences of 'tapering' of some of the US Federal Reserve's Quantitative Easing (QE) policies which were undertaken in the aftermath of global financial crises. Emerging markets like India faced multiple challenges: capital outflows, intense exchange rate pressures and volatile current account movement. A combination of persistent inflation, fiscal imbalances, external sector vulnerabilities and low investments resulted in sluggish domestic demand growth. Fiscal and monetary initiatives taken by the Indian government and the Reserve Bank of India (RBI) helped stabilize financial market conditions, but the domestic macro-economic environment still remains challenging. With increasing global integration, the Indian economy was impacted by global uncertainties, while at the same time faced significant domestic challenges of persistent and high inflation, tight monetary conditions, low investment and delays in policy making.

#### Forward Looking Statement

The report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realised. The Company's actual results, performance or achievements could thus differ from those projected in any forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

#### Opportunities

Your Company is engaged in the manufacturing of High Quality Polished Granite Slabs and Tiles. 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

Your company has also invested in plant and machinery and mining equipments to increase its production capacity for extraction of natural stone blocks and planned for making investment to increase the production capacity of finished granite slabs and tiles to grab the opportunity in the emerging global markets.

### **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.

### **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 has command dominance in the global market

### **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 authorized, 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.

### **Discussion on Financial Performance With Respect To Operational Performance**

Due to the challenges of the environment and the strategic drive to integrate and transform, the organization financial performance was become weak as compared to previous year. During the year turnover of the Company declined to Rs. 7986.64 lakh as against Rs. 8825.11 lakh in the immediate preceding year. The Net Profit after Tax of the Company get also reduced to Rs. 749.49 lakh as against Rs. 864.64 Lakh in the previous year.

### **Material Developments in Human Resources/Industrial Relations Front, Including Number of People Employed**

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 enlightened workers industrial relations in your Company continue to be healthy and cordial.

### **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 cannot 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 : 14<sup>th</sup> August, 2014**

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## **Auditor's 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 for the year ended on 31<sup>st</sup> March, 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with Stock Exchange(s) in India.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the guidance note on certification of corporate governance (as stipulated in clause 49 of the listing agreement), issued by the Institute of Chartered Accountants of India and 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 to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Place: Bedla, Udaipur**  
**Date : 14<sup>th</sup> August, 2014**

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

**Sd/-**  
**CA Vivek Gupta**  
**(Partner)**  
**Mem. No: 400543**



## CEO/CFO Certification

The Chairman & Managing Director, certify to the Board that:

- A.** We have reviewed Financial Statements and the Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2014 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; and
  - (ii)** These statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** There are, 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.** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, the deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies and
- D.** We 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 we have become 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.

### **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 Senior Management Personnel. The Code is applicable to both Executive and Non-Executive Directors as well as Senior 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 Senior Management personnel, affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the financial year 2013-14.

**Date: 14<sup>th</sup> August, 2014**  
**Place: Bedla Udaipur**

**Sd/-**  
**(J. P. Agarwal)**  
**Chairman & Managing Director**

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## **Corporate Governance Report for the year 2013 - 14**

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

### **1. Corporate Governance Philosophy**

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Pacific Industries Limited is as follows :

At Pacific Industries Limited (PIL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. At PIL, we consider stakeholders as partners in our success, and we remain committed to maximizing stakeholder value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of businesses. We believe that any business conduct can be ethical only when it rests on the nine core values of Honesty, Integrity, Respect, Fairness, Purposefulness, Trust, Responsibility, Citizenship and Courage.

“Corporate Governance” is the system by which companies are directed, controlled and managed. The corporate Governance structure specifies the distribution of roles and responsibilities of the different participants of the organization, such as the Board of Directors, managers, Shareholders and all other stakeholders. It also spells out the rules and procedures for decision making on corporate affairs. The company adheres to good corporate policies and is consistently striving to improve by adopting emerging best policies.

Pacific Industries Limited is committed to the best governance practices and their adherence in the true spirit at all times. The company has complied with the provisions of the Code of Corporate Governance as per Clause 49 of the Listing Agreements (as amended) with the Stock Exchanges. A report on the implementation of the Corporate Governance is furnished here under :-

### **2. Board of Directors**

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 stakeholders. The Board provides leadership, Strategic Guidance, objective analysis and independent views to the Company. 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 seven directors on the Board. The Chairman is an Executive Director and more than half of the Board (62.50%) consists of Independent Directors.

The Board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports from the CFO and business reports from each of the sector heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

### **(I) Board Composition and Categories of Directors**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The composition of the Board and category of Directors are as follows:

<b>Category</b>	<b>Directors</b>	<b>No. of Directors</b>	<b>Percentage of total number of Directors</b>
<b>Promoter - Executive / Managing Director cum Chairman</b>	Mr. J. P. Agarwal	1	12.50 %
<b>Executive Director &amp; Whole Time Director</b>	Mr. Kapil Agarwal	1	12.50%
<b>Independent Directors and Non Executive Directors</b>	Mr. S. M. Agarwal Mr. Jayanti Hiralal Oza Mr. Sumeet Agarwal Mr. Mangi Lal Dangi Mr. Amit Agarwal <sup>1</sup> Mr. Vinod Choudhary <sup>2</sup>	5	62.50%
<b>Women Director</b>	Mrs. Geeta Devi Agarwal <sup>3</sup>	1	12.50 %
<b>Total Strength</b>	-	<b>8</b>	<b>100 %</b>

\*1. Resigned from directorship with effect from 14<sup>th</sup> day of August, 2014.

\*2. Appointed as Additional Director with effect from 14<sup>th</sup> day of August, 2014.

\*3. Appointed as Additional Director with effect from 14<sup>th</sup> day of August, 2014.

**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.

## **(II) Selection of Independent Directors**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision.

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

## **(III) Lead Independent Director**

The Company's Board of Directors has designated Shri S.M. Agarwal as the Lead Independent Director. The Lead Independent Director's role is as follows:

- To preside over all meetings of Independent Directors
- To ensure there is an adequate and timely flow of information to Independent Directors
- To liaise between the Chairman & Managing Director, the Management and the Independent Directors
- To preside over meetings of the Board and Shareholders when the Chairman & Managing Director is not present, or where he is an interested party
- To perform such other duties as may be delegated to the Lead Independent Director by the Board/ Independent Directors.

## **(IV) Meetings of Independent Directors**

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views

to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman & Managing Director.

### **(V) Role**

The Board of Directors at Company 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.

### **(VI) Meetings**

Ten Board Meeting were held during the year 2013-14. The frequency and quorum etc at these meetings are in conformity with the provisions of the Act, and relevant clauses of Listing agreement.

Composition of Board of Directors as on 31.03.2014 and attendance at the board meeting during the year 2013-14 are hereunder:-

S. No.	Name of Director	Category of Director	No. Of Board Meetings attended	Attendance at Last AGM	No. of Directorship in other public companies		No. of Committee position held in other public companies	
					Chairman	Member	Chairman	Member
1.	Mr. J. P. Agarwal	ED	4	Y	-	-	-	-
2.	Mr. Kapil Agarwal	ED	4	Y	-	-	-	-
3.	Mr. S. M. Agarwal	NE & ID	3	Y	-	-	-	-
4.	Mr. Jayanti Oza	NE & ID	3	N	-	-	-	-
5.	Mr. Sumeet Agarwal	NE & ID	3	N	-	-	-	-
6.	Mr. Amit Agarwal	NE & ID	3	Y	-	-	-	-
7.	Mr. Mangi Lal Dangi*	NE & ID	4	Y	-	1	3	-

ED – Executive Director; NE & ID – Non-Executive and Independent Director

\* Holding directorship and committee positions at Shruti Synthetics Limited.

**Details of Board Meetings held during the Financial Year 2013 - 2014:**

S. No.	Date of Meeting	Board Strength	No. of Directors present
1	30.05.2013	7	7
2	13.08.2013	7	6
3	14.11.2013	7	5
4	14.02.2014	7	6

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

During the Financial Year 2013–2014, 04 (Four) 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 Chairman & Managing Director as well as the Senior Management Team Members.

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.

**(VII) Criteria for Independent Director**

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), an Independent Director means a Non-Executive Director who : apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its Senior Management or its holding company, its subsidiaries and associates which may affect independence of the Director; is not related to promoters or persons occupying management positions at the Board level or at one level below the Board; has not been an executive of the Company in the immediately preceding 3 (three) financial years; is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company and has not been a partner or an executive of any such firm for the last 3 (three) years and the legal firm(s) and consulting firm(s) that have a material association with the entity; is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director; is not a substantial shareholder of the Company i.e. owning 2 (two) percent or more of the block of voting shares; and is not less than 21 (twenty one) years of age. None of the Directors on the Board hold the office of Director in more than 15 (fifteen) Public companies nor are they members in Committees of the Board in more than 10 (ten) Committees or Chairman of more than 5 (five) Committees. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the sitting fees drawn by the Non-executive Directors and

sitting fees and commission drawn by the Non-executive and Independent Directors for attending the meetings of the Board and its Committee(s).

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

- a) Annual operating plans and budgets, capital budgets and any updates thereon;
- b) Quarterly/half yearly/Annual results of the company (after review by Audit Committee);
- c) Minutes of meetings of Audit Committee, Remuneration Committee, Investors' Grievance Committee, as well as abstracts of circular resolution passed, if there any;
- d) Information on recruitment and remuneration of senior officers just below the board level;
- e) Materially important litigation, show cause, demand, prosecution, and penalty notices, if there any;
- f) Company's management development processes and succession of senior management;
- g) Fatal or serious accidents, dangerous occurrences, any material effluents or pollution problems;
- h) Any material default in financial obligations to and by the company or substantial non-payment for goods sold by the company;
- i) Any issue, which involves possible public or product liability claims of a substantial nature;
- j) Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as delays in share transfer / dematerialization etc.;
- k) Related Party Transactions.



## Board Committees

### Audit Committee

**Mr. S. M. Agarwal**  
(Chairman and Non-Executive, Independent Director)

**Mr. Jayanti Oza**  
(Non – Executive and Independent Director)

**Mr. Sumeet Agarwal**  
(Non – Executive and Independent Director)

### Remuneration Committee

**Mr. S. M. Agarwal**  
(Chairman and Non – Executive, Independent Director)

**Mr. Jayanti Oza**  
(Non – Executive and Independent Director)

**Mr. Sumeet Agarwal**  
(Non – Executive and Independent Director)

### Shareholder's/Investor Grievance Committee

**Mr. S. M. Agarwal**  
(Chairman and Non – Executive, Independent Director)

**Mr. Jayanti Oza**  
(Non – Executive and Independent Director)

**Mr. Sumeet Agarwal**  
(Non – Executive and Independent Director)

## 3. Audit Committee

The Company has complied with the requirements of Clause 49 (II) (A) of the Listing Agreement Section 177 of the Companies Act, 2013 with regard to composition of the Audit Committee.

### Composition and Details of Meetings

Name of the Director	Number of Meeting Held	Number of Meeting Attended
Mr. S. M. Agarwal	4	4
Mr. Jayanti Oza	4	3
Mr. Sumeet Agarwal	4	4

The Audit Committee comprises of 3 independent directors, all of whom have relevant finance and audit exposure. During the year under review, 5 (Five) Audit Committee meeting were held on.

### Role of the Audit Committee inter alia, includes the following:

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:
  - (i) 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.
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by the management.
  - (iv) Significant adjustments made in the financial statements arising out of audit findings.
  - (v) Compliance with Listing and other legal requirements relating to financial statements.
  - (vi) Disclosure of any related party transactions.
  - (vii) 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, and 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.

### **Powers of Audit Committee**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- 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.

#### **4. 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. The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice. 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 Chairman & 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 Chairman & Managing Director / Whole time Director / Executive Director within the limits sanctioned by the shareholders
3. Determining commission/performance linked remuneration payable to the Chairman & 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 31<sup>st</sup> March 2014 is as follows:

Name of the Director	Number of Meeting Held	Number of Meeting Attended
Mr. S. M. Agarwal	1	1
Mr. Jayanti Oza	1	1
Mr. Sumeet Agarwal	1	1

During the year 2013-2014 one meeting was held on 14.11.2013.

**Details of remuneration paid to the Directors during 2013-14 are as follows:**

**I. Non-Whole time Directors**

No Sitting fees were paid to the non-executive directors during the Financial Year 2013-2014.

**II. Chairman and Managing Director Executive & Whole Time director:**

Name & Designation of Director	Consolidated Salary (Rs. Lakhs)	Perquisites and Other Benefits (Rs. Lakhs)	Company's Contribution towards Provident Fund, Gratuity & Superannuation Fund (Rs. Lakhs)	Total (Rs. Lakhs)
Mr. J.P. Agarwal, C.M.D.	24.00	--	2.88	26.88
Mr. Kapil Agarwal, E.D.	24.00	--	2.88	26.88
Period of contract of Chairman & Managing Director	5 years w.ef. 30.09.2014			
Period of contract of Whole Time Director	5 years w.ef. 30.09.2014			

**Shareholding of the Directors in the Company as on 31<sup>st</sup> March 2014:**

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	134635
3	Smt. Geeta Devi Agarwal	190421
4.	Mr. S. M. Agarwal	2750

## 5. Shareholder's /Investors Grievance Committee

The terms of reference of Shareholder's Investors and Grievance Committee are to specifically look into the redressal of Investor's 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 and meeting as on 31<sup>st</sup> March, 2014 is given below:

Name of the Committee Member	Category of Director	No. of Meetings held	No. of Meetings Attended
Mr. S. M. Agarwal	NEID (Chairman)	12	9
Mr. Jayanti Oza	NEID	12	6
Mr. Sumeet Agarwal	NEID	12	9

During the year 2013-14, the Shareholders / Investors Grievance Committee of PIL met twelve times on 26.04.2013, 30.05.2013, 29.06.2013, 15.07.2013, 28.08.2013, 21.09.2013, 24.10.2013, 29.11.2013, 27.12.2013, 31.04.2014, 28.02.2014, and 31.03.2014.

Name, designation & address of Compliance Officer: Mr. Kapil Agarwal,

Telephone No. +91-294-2440933  
Fax No. +91-294-2440780  
Email [pilnorth@pacificgranites.com](mailto:pilnorth@pacificgranites.com)

### Shareholder/Investor Complaints

Complaints pending as on 1 <sup>st</sup> April, 2013	Nil
Complaints Received during 1 <sup>st</sup> April 2013 to 31 <sup>st</sup> March 2014	29
Complaints disposed off during the year ended 31 <sup>st</sup> March 2014	29
Complaints Pending as on 31 <sup>st</sup> March, 2014	NIL

## 6. Details Regarding Venue, Date and Time of the Last Three AGM

Financial Year	Details of Location	Date and Time when held	Summary and type of Resolutions passed
2010-11	Village Bedla, Udaipur -313004, Rajasthan (India)	30.09.2011 at 10.00 a.m.	Ordinary Resolutions – 4 Special Resolution- 3
2011-12	Village : Survey no. 13, Kempalingahalli, Nelamangala taluk (Rural), Bangalore – 562123 (Karnataka)	29.09.2012 At 10 a.m.	Ordinary Resolutions – 4 Special Resolution- 1
2012-13		30.09.2013 At 10:00 AM	Ordinary Resolutions – 4 Special Resolution- 1

For the year ended 31<sup>st</sup> March, 2014, the shareholders of the company did not pass any ordinary or special resolution by postal ballot.

## 7. Disclosures

- 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 and the company also duly followed the applicable provisions of the Companies Act, 2013.
- 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.
- The Company has established appropriate risk assessment and minimization procedure. This is reviewed regularly by the Board of Directors.
- The Company has complied with the applicable Accounting Standards.
- Management Discussion and Analysis Report forms a part of the Director's Report.
- The relevant disclosures on the remuneration of directors have been included under "Remuneration Policy" in this report.
- The Company has not raised any proceeds from public issue, rights issue, preferential issue, etc. during the year.

## 8. 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 & Patrika
Any website, where displayed	<a href="http://www.pacificindustriesltd.com">www.pacificindustriesltd.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.

## 9. General Shareholders Information:

### (i) AGM : Date, Time and Venue :-

Date	30 <sup>th</sup> September, 2014
Venue	Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka).
Time	10:00 AM
Book Closure Date	Tuesday, 23 <sup>rd</sup> September, 2014 to Tuesday, 30 <sup>th</sup> September, 2014, both days inclusive.
Dividend Payment Date	Company has not declared any dividend for the F.Y. 2013-14.

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 30<sup>th</sup> September, 2014.

### (ii) Financial Calendar :-

Financial Year 2014-15		
1	Year ending	31 <sup>st</sup> March, 2015
2	AGM	September, 2014
3	First Quarter Results	July/August 2014
4	Second Quarter & Half Yearly Results	October/November 2014
5	Third Quarter Results	January/February 2015
6	Annual Results	April/May 2015

### (iii) Date of Book Closure :- 23/09/2014 to 30/09/2014 (Both Inclusive Dates)

### (iv) 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 2013 - 2014 have been paid to all the Stock Exchanges. The Company will start the process of delisting of it's equity shares from the Stock Exchanges other than BSE, shortly.

**(v) Stock Code: - 523483 at Bombay Stock Exchange**

**(vi) Market Price Data : High, Low during each month in last financial year:-**

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

Month	High	Low	Close
April,2013	124.90	93.50	105.00
May,2013	121.00	87.00	100.00
June,2013	144.00	95.00	95.00
July,2013	90.50	82.00	85.00
August,2013	90.00	85.00	90.00
September,2013	92.40	88.05	90.50
October,2013	90.50	67.05	67.05
November,2013	108.15	62.00	108.15
December,2013	119.20	95.75	95.75
January,2014	100.80	82.25	82.90
February,2014	107.10	78.80	107.10
March,2014	127.80	90.00	104.90

**(vii) Registrar & Share Transfer Agents :-**

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](mailto: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.



### (viii) 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 Link Intime India Private Limited 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 31<sup>st</sup> March, 2014, a total of 10,22,669 shares of the Company, which forms 75.67% 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.

### (ix) Distribution of Shareholding as on 31st March, 2014

No. of ordinary shares held	No. of shareholders	%	No. of shares	%
1 – 500	18354	99.30	420599	31.12
501 – 1000	57	0.31	40479	03.00
1001- 10000	58	0.31	212300	15.71
10001 and above	15	0.08	678122	50.17
<b>Total</b>	<b>18484</b>	<b>100.00</b>	<b>1351500</b>	<b>100.00</b>

### (x) Categories of Shareholding as on 31st March, 2014

No. of ordinary shares held	No. of shares	%
Promoters	567640	42.00
UTI, Banks and Mutual Funds	6450	0.48
Financial Institutions	10	0.00
Corporate Bodies	89954	6.66
FII/NRIs / OCBs	12078	0.89
Resident Individuals	675368	49.97
<b>Total</b>	<b>1351500</b>	<b>100.00</b>

**(xi) 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.

**(xii) Address for correspondence**

Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka).

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

[pilnorth@pacificgranites.com](mailto:pilnorth@pacificgranites.com)

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

## Director's Report 2013-14

Dear Members,

Your Directors pleased to present the 25<sup>th</sup> Annual Report and of the working of the Company along with the statement of accounts and the Auditors' Report for the year ended 31<sup>st</sup> March, 2014.

### 1. Financial Results:

(Rs. in Lac)

<b>PARTICULARS</b>	<b>Year ended 31.03.2014 (Audited)</b>	<b>Year ended 31.03.2013 (Audited)</b>
Turnover	7986.64	8825.11
Profit before Tax	943.40	1089.54
Less: Provision for Income Tax		
- Current Tax	193.52	220.48
- Prior period Tax expenses	3.12	4.43
Net Profit after Tax	746.76	864.64
Add: Profit brought forward from previous year	4873.28	4008.64
Profit available for Appropriation	5620.04	4873.28
Net Profit carried forward	5620.04	4873.28

### 2. Business Results

During the year the turnover of the company has been declined by 9.50% to Rs. 7986.64 Lakh as against Rs. 8825.11 Lakh in the previous year. The Net Profit after Tax of the Company get also effected due to decline in turnover and reduced from Rs. 746.76 Lakh as against Rs. 864.64 Lakh in the previous year.

### 3. Dividend and transfer to Reserve

Your directors have not recommended any dividend for the year 2013-2014 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 14, 2014.

## **5. Statutory Disclosures**

None of the Directors are disqualified under the provisions of Section 164 of the Companies Act, 2013. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 2013 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 as amended, hence requirement of disclosure under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, doesn't arise.

## **8. Corporate Governance**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The Company has also implemented several best corporate governance practices as prevalent globally.

The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance.

All board members and senior management personnel have affirmed compliance to the Code of Conduct for the FY 2013-14

## **9. Capital Investments**

Your Company has made an investment of Rs. 2749.04 Lacs in capital assets during the year to increase the production capacities for extraction of granite from mines for captive consumption.

## **10. Fixed Deposits**

During the year under review, your Company has not accepted any deposit under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

## **11. 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

## **12. Companies Act, 2013**

During the current FY the Companies Act, 1956 has been replaced by Companies Act, 2013 and became applicable for every company from April 1, 2014. Your Company has been regular in keeping pace with the fast changes that has become applicable and initiated necessary actions accordingly. Some of the important initiatives are as under:

- Modification in terms of Audit Committee;
- Modification in terms of Nomination and Remuneration Committee;
- Modification in terms of Stakeholders Relationship Committee;
- Appointment of Secretarial Auditors;
- Setting up of Vigil Mechanism;
- Constitution of Corporate Social Responsibility Committee;
- Identification of Related parties as per new Act;

## **13. Directors**

Your Board recommends the re-appointment of Mr. J. P. Agarwal, Managing Director cum Chairman, Mr. Kapil Agarwal, Executive Director of the Company, appointment of Mr. Vinod Chaudhary as Non-Executive Independent Director and Mrs. Geeta Devi Agarwal as Non-Executive cum woman Director of the Company in terms of the Companies Act, 2013.

The Board has received declarations from Mr. Vinod Choudhary, the Independent Director of the Company confirming that he meets with the criteria of independence as prescribed under sub-

section (6) of Section 149 of the Companies Act, 2013 and who in the opinion of the Board fulfils the conditions specified in the Act and the rules made there under and are Independent of the management. Thus the Board recommends his appointment as Independent Director.

Brief resume/details of the Director, who is/are to be appointed/re-appointed as mentioned herein above has been furnished alongwith the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

#### **14. Auditors and Auditor's Report**

The Statutory Auditor M/s A. Bafna & Company, Chartered Accountants, Jaipur, will retire at the ensuing Annual General Meeting and being eligible for re-appointment, offer themselves for re-appointment.

Your Company has received a Certificate from the Auditors to the effect that, their reappointment, if made, will be in accordance with Sections 139 and 141 of the Companies Act, 2013.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

#### **15. Management's Discussion and Analysis Report**

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

#### **16. Listing**

The shares of your Company are presently listed on BSE.

#### **17. Note of Appreciation**

Your Directors wish to place on record their sincere appreciation for the continued support and co-operation of Financial Institutions, Banks, Government authorities and other stakeholders. Your Directors also acknowledge sincere appreciation of the commitment and hard work put in by the management and all employees of the company.

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.

Bedla, Udaipur

30<sup>th</sup> May, 2014

#### **Registered Office**

Village : Survey No. 13, Kempalingahalli,

Nelamangala Taluk (Rural)

Bangalore - 562123 (Karnataka).

**By Order of the Board**

**Sd/-**

**J. P. Agarwal**

**Chairman & Managing Director**

**PACIFIC INDUSTRIES LIMITED, BANGALORE**

**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</b>	<b>Previous Year</b>
	<b>31.03.2014</b>	<b>31.03.2013</b>
1. Electricity		
<b>(a) Purchased Units (Kwh)</b>	<b>7661985</b>	<b>7011305</b>
Total Amount (Rs.)	<b>46746010</b>	<b>41717447</b>
Rate per unit (Rs.)	<b>6.10</b>	<b>5.95</b>
<b>(b) Own Generation</b>		
Through Diesel Generators		
Units (Kwh)	<b>540928</b>	<b>463765</b>
Units per litre of Diesel Generators	<b>2.85</b>	<b>2.57</b>
Cost per unit (Rs.)	<b>18.98</b>	<b>17.90</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>326664</b>	<b>328482</b>
Electricity/Sq. Mtr (Kwh)	<b>25.11</b>	<b>22.76</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</b>	<b>Previous Year</b>
	<b>2013-14</b>	<b>2012-13</b>
F.O.B. Value of Export of Finished Goods	<b>7289.27</b>	<b>8107.52</b>
C.I.F. Value of Imports		
(a) Raw Materials (Consumables)	<b>1435.06</b>	<b>979.26</b>
(b) Capital Goods	<b>997.56</b>	<b>13.69</b>
Expenses in Foreign Currency	<b>21.19</b>	<b>7.59</b>

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
[ KAPIL AGARWAL ]  
Executive Director

Sd/-  
[ J. P. AGARWAL ]  
Chairman & Managing Director

Place : Udaipur

DATE: 30th May, 2014

### **Independent Auditor's Report**

To

The Members of

**PACIFIC INDUSTRIES LIMITED**

#### **Report on the Financial Statements**

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

#### **Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on effectiveness of the company's Internal Control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Basis for Qualified Opinion**

- a) Refer Note no. 11 in Notes on Financial Statements regarding Accounting for Taxes.
- b) Refer Note no. 37 in Notes on Financial Statements 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 reconciliations/confirmation of the same may affect our disclosure.

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

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

#### **Report on Other Legal & Regulatory Requirement**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) **except Accounting standard 11: The Effects of changes in Foreign Exchange rates with respect to old balances.**
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

***For A.Bafna & Company***

**Chartered Accountants**

**FRN : 003660C**

Sd/-

**(Vivek Gupta)**

**Partner**

**M. No. 400543**

Place : Udaipur

Date : 30<sup>th</sup> May, 2014

**Annexure to Independent Auditor's Report**

(Referred to in Paragraph 1 under "Report on other legal and regulatory requirements section of our report of even date)

**RE: PACIFIC INDUSTRIES LIMITED**

- (i) In Respect of Its Fixed Assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, all the assets have been physically verified by the management in a phased periodical manner 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 physical verification.
  - (c) In our opinion, the company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanation given to us, the procedures 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 has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.
- (iii) (a) According to the information & explanations given to us, the company has not granted Unsecured Loan to parties covered in 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) According to the information & explanations given to us, The company has taken interest free unsecured loan from 2 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. 3,08,50,320/- and the year end balance from such party was Rs. 2,62,49,690/-.

- 
- (f) In our opinion, the terms and conditions on which loan have been taken from such companies, firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1965 are not prime facie prejudicial to the interest of the company.
  - (g) According to information and explanation the company is regular in payment of principal amount and interest due on loans taken by it.
  - (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business 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 control system.
  - (v) In respect of the contracts or arrangements referred to in Section 301 of The Companies Act, 1956:
    - (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 u/s 301 of the companies act, 1956 have been so entered.
    - (b) In our opinion and according to the information and explanation given to us, each of such transaction in respect of any party, listed in the register maintained u/s 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) The Company has not accepted any deposits from the public during the year and accordingly the provisions 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) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view of determining whether they are accurate and complete.
  - (ix) In respect of statutory dues:
    - (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, service tax, custom duty, excise duty, cess and other material statutory dues to the extent applicable to it except few delays in deposition of TDS, Service Tax, ESI/PF and there are no undisputed amounts payable in respect of such dues which have remained outstanding as at 31<sup>st</sup> March 2014 for a period exceeding six months from the date of becoming 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 except the demands raised by the following Departments :-

S. No.	Particulars	Period	Amount of Demand (In Rs )	Amount Deposited (In Rs)
1	Entry Tax Demand paid under protest, Bangalore	2010-11	840669	420335
2	Entry Tax Demand paid under protest, Bangalore	2011-12	679839	339920
3	Sales Tax Demand paid under protest, Bangalore	2010-11	2615214	1307606
4	Sales Tax Demand paid under protest, Bangalore	2011-12	1773845	886923
5	Excise Demand, Udaipur	Norms 2007-08, 2010-2011, 2011-12	11196664	5595984

- (x) The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) Based on our audit procedures and according to the information & explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xi) In our opinion and according to the information and explanation given to us & based on the information available, 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 arise.
- (xii) 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.
- (xiii) 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.

- (xiv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institution. Hence this clause of Companies (Auditor's Report) Order, 2003 is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us and based on the information available, the term loan availed by the company were, prima facie, applied by the company during the year for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that there are no funds raised on short term basis that have been used for long-term investments.
- (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 arise.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year; hence the question of creating security does not arise.
- (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) During the course of examination of the books and records of the company, carried out in accordance with the generally accepted accounting practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, nor we have been informed of such cases by the management that causes the financial statements to be materially misstated.

***For A.Bafna & Company***

**Chartered Accountants**

**FRN : 003660C**

Sd/-

**(Vivek Gupta)**

**Partner**

**M. No. 400543**

Place: Udaipur

Date: - 30<sup>th</sup> May, 2014

## A. Balance Sheet as at 31st March, 2014

PARTICULARS		NOTES	31.03.2014	31.03.2013
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital		1	13,515,000	13,515,000
Reserves & Surplus		2	562,004,531	487,328,190
			<b>575,519,531</b>	<b>500,843,190</b>
<b>NON CURRENT LIABILITIES</b>				
Long-Term Borrowings		3	95,964,995	87,874,470
Long Term Provision		4	10,949,044	12,984,764
			<b>106,914,039</b>	<b>100,859,234</b>
<b>CURRENT LIABILITIES</b>				
Short Term Borrowings		5	56,255,462	-
Trade Payable		6	203,110,157	209,614,530
Other Current Liabilities		7	157,563,610	143,883,557
Short Term Provision		8	23,158,580	26,740,788
			<b>440,087,809</b>	<b>380,238,875</b>
	<b>TOTAL</b>		<b>1,122,521,379</b>	<b>981,941,299</b>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Fixed Assets		9		
Tangible Assets			285,990,646	178,400,991
Intangible Assets			20,499	34,165
Capital WIP			23,333,399	1,604,056
Non-Current Investments		10	309,390	450,300
Deferred Tax Assets (Net)		11	-	-
Long-Term loans and advances		12	7,458,598	5,313,220
Other Non Current assets		13	16,409,788	7,996,880
			<b>333,522,320</b>	<b>193,799,612</b>
<b>CURRENT ASSETS</b>				
Inventories		14	419,866,206	318,428,613
Trade Receivable		15	188,744,308	200,878,566
Cash and Bank Balances		16	16,927,730	74,526,515
Short-term loans & advances		17	162,652,948	193,570,760
Other current assets		18	807,867	737,233
			<b>788,999,059</b>	<b>788,141,687</b>
	<b>TOTAL</b>		<b>1,122,521,379</b>	<b>981,941,299</b>
<b>Contingent Liabilities &amp; Commitments</b>		<b>[39]</b>		
<b>Significant Accounting Policies and Notes on Financial</b>		<b>[1-39]</b>		
<b>AS PER AUDIT REPORT OF OUR EVEN DATE</b>				
For A. Bafna & Co.			For and on behalf of the Board	
Chartered Accountants			Pacific Industries Ltd.	
Firm Reg. No. 003660C				
Sd/-			Sd/-	Sd/-
(Vivek Gupta)			J.P. Agarwal	Kapil Agarwal
Partner			Managing Director	Director
M.No. 400543				
Place: Udaipur				
Date: 30th May, 2014				

## B. Statement of Profit & Loss For The Period Ended On 31.03.2014

PARTICULARS	NOTES	31.03.2014	31.03.2013
<b>Income</b>			
Revenue from operations (gross)	19	801,814,474	885,055,764
LESS: Excise Duty		3,150,607	2,544,331
Revenue from operations (Net)		798,663,867	882,511,433
Other Income	20	34,553,893	29,123,742
<b>TOTAL REVENUE (i)</b>		<b>833,217,760</b>	<b>911,635,175</b>
<b>Expenses</b>			
Cost of materials consumed	21	301,987,651	257,629,804
Purchase of Stock in trade	22	39,968,834	91,578,760
(Increase)/Decrease in inventories	23	(68,078,861)	23,583,560
Manufacturing expenses	24	256,097,901	213,709,075
Employee Benefit expenses	25	53,689,036	56,180,889
Finance Cost	26	6,556,105	4,172,908
Other expenses	27	113,399,570	126,876,227
<b>TOTAL EXPENSES (ii)</b>		<b>703,620,236</b>	<b>773,731,223</b>
<b>Earnings before Tax and Depreciation</b>		<b>129,597,524</b>	<b>137,903,952</b>
Depreciation/Amortisation expenses	9	31,102,754	28,061,133
Prior period expenses		260,852	-
Pre operative expenses written off		3,893,747	888,542
<b>Earning Before Tax</b>		<b>94,340,171</b>	<b>108,954,277</b>
<b>Tax expenses of continuing operations</b>			
Current Tax		19,352,203	22,047,576
MAT Credit Recognized		-	-
Payment of earlier year tax demand		311,627	442,818
Profit / (loss) for the period from continuing operations		74,676,341	86,463,883
<b>Profit / (loss) for the period (Profit After Tax )</b>		<b>74,676,341</b>	<b>86,463,883</b>
<b>Basic &amp; Diluted Earning Per Share</b>	<b>[33]</b>	<b>55.25</b>	<b>63.98</b>
Significant Accounting Policies and			
Notes on Financial Statements	[1-39]		
<b>AS PER OUR AUDIT REPORT OF EVEN DATE</b>			
<b>For A. Bafna &amp; Co.</b>	<b>For and on behalf of the Board</b>		
<b>Chartered Accountants</b>	<b>Pacific Industries Ltd.</b>		
<b>Firm Reg. No. 003660C</b>			
<b>(Sd/-)</b>	<b>(Sd/-)</b>	<b>(Sd/-)</b>	
<b>CA Vivek Gupta (Partner)</b>	<b>J.P. Agarwal</b>	<b>Kapil Agarwal</b>	
<b>M.No. 400543</b>	<b>Chairman and Managing Director</b>	<b>Director</b>	
<b>Place: Udaipur</b>			
<b>Date: 30th May, 2014</b>			



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014**

Figures are rounded off to the nearest rupees.

		<u>31.03.2014</u>	<u>31.03.2013</u>
<b>NOTE 1 - SHARE CAPITAL</b>			
<b>AUTHORISED SHARE CAPITAL</b>			
25000000 Equity Shares @ Rs. 10 each		250,000,000	250,000,000
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>			
1351500 Equity Shares of Rs. 10 each		13,515,000	13,515,000
		<b>13,515,000</b>	<b>13,515,000</b>

A. Reconciliation of the Shares Outstanding at the Beginning and at the end of the reporting period.

		<u>31.03.2014</u>	<u>31.03.2013</u>
<b>Equity Shares</b>			
At the beginning of the Period		1,351,500	1,351,500
Add:- Issued during the Period		-	-
Outstanding at the end of the period		<b>1,351,500</b>	<b>1,351,500</b>

B. The Company has only one Class of Equity Shares having a par value of 10 per shares. Each holder of equity shares is entitled to one vote per share.

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C. Shares Held By Each Shareholders Holding More Than 5% Shares As On 31.03.2014

S.No.	Name Of Shareholder	<b>31.03.2014</b>		<b>31.03.2013</b>	
		No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
1	GEETA DEVI AGARWAL	190,421	14.09%	189,421	14.02%
2	KAPIL AGARWAL	135,635	10.04%	134,635	9.96%
3	LALITA DEVI MODI	73,884	5.47%	73,884	5.47%

<b>NOTE 2 - RESERVE AND SURPLUS</b>		<u>31.03.2014</u>	<u>31.03.2013</u>
<b>SURPLUS/PROFIT &amp; LOSS ACCOUNT</b>			
Balance as per last financial statements		487,328,190	400,864,306
Profit for the year		74,676,344	86,463,883
<b>Net Surplus in the statement of Profit &amp; Loss</b>		<b>562,004,534</b>	<b>487,328,190</b>
<b>Total Reserve and Surplus</b>		<b>562,004,534</b>	<b>487,328,190</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>					
				<b>31.03.2014</b>	<b>31.03.2013</b>
<b>NOTE 3 - LONG TERM BORROWINGS</b>					
<b>A) SECURED LOANS</b>					
	<b>Vehicle Loan</b>				
	ICICI Bank			-	2,544,682
	HDFC Bank			1,925,669	9,551,880
	<b>Term Loan</b>				
	HDFC Bank			52,862,049	-
	<b>Net Amount</b>			<b>54,787,718</b>	<b>12,096,562</b>
	Amount Disclosed under the head "Other Current Liabilities			12,864,154	10,154,345
	<b>Note 3.1</b>				
(a) Loans from ICICI bank for Vehicles carries interest @ 9.99% To 10.07%. The loans are repayable in 36 Monthly installments.					
(b) Loans from HDFC Bank for Vehicles carries interest @ 8.00% To 09.14%. The loans are repayable in 36 monthly installments.					
--- The above Loans are secured by way of Hypothecation of respective assets.					
(c) Term loan from HDFC bank carries Interest @ Base Rate+2.2% (Current Base rate is 9.8%) is secured by lien on property situated at village Bedla, District Udaipur and with respective Plant & Machinery. The Loan is repayable in 66 monthly installments.					
<b>B) LOAN AND ADVANCES FROM SHARE HOLDERS</b>					
<b>DIRECTORS, ASSOCIATES AND OTHER CORPORATE BORROWINGS</b>					
	<b>LOANS-UNSECURED</b>				
	From Related Parties			26,249,690	23,050,321
	From Companies			12,700,000	50,500,000
	Securities Deposits from Customers			2,227,587	2,227,587
	<b>TOTAL LONG TERM BORROWINGS</b>			<b>95,964,995</b>	<b>87,874,470</b>
<b>NOTE 4 - Long Term Provisions</b>					
	<i>Provision for employee benefits</i>				
	Provision for Gratuity			10,949,044	12,984,764
	<b>Net Amount</b>			<b>10,949,044</b>	<b>12,984,764</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014**

NOTE 5 - SHORT TERM BORROWINGS			31.03.2014	31.03.2013
	<u>Working Capital Loan</u>			
	Pre-Shipment Credit in Foreign Currency from HDFC Bank		56,255,462	-
	<b>Net Amount</b>		<b>56,255,462</b>	<b>-</b>
	<b>Note 5.1</b>			

The above loan from HDFC Bank which carries Interest @ LIBOR+350 bps is secured by way of Hypothecation of Inventory i.e. Raw Materials, Stock in Process, Finished Goods, Stores & Spares and Book Debts, bill whether documentary or clean, outstanding monies, receivables, both present and future, the facilities subject to annual renewal.

	<b>NOTE 6 - TRADE PAYABLES</b>			
	<b>Sundry Creditors</b>			
	For Material		97,123,841	100,895,595
	For Expenses		40,462,568	31,168,028
	For Others		65,523,748	77,550,907
	<b>TOTAL TRADE PAYABLES</b>		<b>203,110,157</b>	<b>209,614,530</b>
	<b>Note 6.1</b>			

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.

	<b>Note 6.2</b>			
	Sundry creditors for material includes Rs. 9179588/- from related parties and Sundry Creditors for others includes Rs.57398806/- from related parties.			

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>			
		<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 7 - OTHER CURRENT LIABILITIES</b>			
	Current maturities of long term borrowings	12,864,154	10,154,345
	Interest accrued but not due on borrowings	641,566	99,849
	Payable for Capital Assets	28,602,031	20,266,030
	Other liabilities	5,367,782	3,057,979
	Security Deposits	126,596	87,696
	Statutory Dues	4,662,674	1,228,799
	Advances from Customers	97,494,613	99,903,134
	Outstanding Liabilities	7,804,194	9,085,725
		<b>157,563,610</b>	<b>143,883,557</b>
<b>NOTE 8 - SHORT TERM PROVISIONS</b>			
	<i>Provision for employee benefits</i>		
	Bonus & Ex-gratia	1,559,512	2,412,378
	Leave Encashment	2,246,865	2,280,834
	Provision for Income Tax	19,352,203	22,047,576
		<b>23,158,580</b>	<b>26,740,788</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014**

**NOTE 9 - Fixed Assets**

**A. Tangible assets**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Addition	Deduction	As At 31.03.2014	Upto 01.04.2013	For the period	Adjustment For Depreciation	Upto 31.03.2014	As At 31.03.2014	As At 01.04.2013
Land										
Leasehold Land	125,130	-	-	125,130	-	-		-	125,130	125,130
Freehold Land	32,856,741		-	32,856,741	-	-		-	32,856,741	32,856,741
Building	85,933,892	6,855,395	-	92,789,287	45,898,025	3,107,447	-	49,005,472	43,783,815	40,035,867
Plant & Machinery	552,983,409	135,498,720	24,196,675	664,285,454	495,676,757	21,182,257	22,860,321	493,998,692	170,286,762	57,306,652
Furniture & Fixture	5,349,396	601,050	-	5,950,446	3,349,618	341,037	-	3,690,655	2,259,791	1,999,778
Computer	3,605,320	541,809	20,000	4,127,129	3,106,864	270,083	12,318	3,364,629	762,500	498,456
Vehicle	42,337,259	59,893	-	42,397,152	20,155,126	4440077	-	24,595,203	17,801,949	22,182,133
Mining Equipment	120,077,297	377,058	-	120,454,355	96,681,063	5,659,334	-	102,340,397	18,113,958	23,396,234
<b>Total- A</b>	<b>843,268,444</b>	<b>143,933,925</b>	<b>24,216,675</b>	<b>962,985,694</b>	<b>664,867,453</b>	<b>35,000,235</b>	<b>22,872,639</b>	<b>676,995,048</b>	<b>285,990,646</b>	<b>178,400,991</b>
<b>B. Intangible Assets</b>										
Intangible Assets	37,950	-	-	37,950	3,785	13,666	-	17,451	20,499	34,165
<b>Total- B</b>	<b>37,950</b>	<b>-</b>	<b>-</b>	<b>37,950</b>	<b>3,785</b>	<b>13,666</b>	<b>-</b>	<b>17,451</b>	<b>20,499</b>	<b>34,165</b>
<b>C. Capital Work In Progress</b>										
CWIP	1,604,056	130,969,948	109,240,605	23,333,399	-	-	-	-	23,333,399	1,604,056
<b>Total - C</b>	<b>1,604,056</b>	<b>130,969,948</b>	<b>109,240,605</b>	<b>23,333,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,333,399</b>	<b>1,604,056</b>
<b>Grand Total ( A+B+C)</b>	<b>844,910,450</b>	<b>274,903,874</b>	<b>133,457,280</b>	<b>986,357,043</b>	<b>664,871,238</b>	<b>35,013,901</b>	<b>22,872,639</b>	<b>677,012,499</b>	<b>309,344,544</b>	<b>180,039,212</b>

Note- From the total amount of depreciation an amount of Rs. 3911147 has been transferred to Pre operative expenses and balance Rs. 31102754 has been charged to Profit & loss account

Particulars	Amount
<b>Total amount of depreciation</b>	<b>35013901</b>
Less: Transferred to Pre operative Expenses	3911147
<b>Amount to be charged from P &amp; L A/c</b>	<b>31102754</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014**

	<u>31.03.2014</u>	<u>31.03.2013</u>
<b>NOTE 10- NON CURRENT INVESTMENTS</b>		
<b>Non trade</b>		
<b>Investment in Corporate Bodies</b>		
100 Equity Shares of Narmada Chematur Petro Ltd. of Rs. 10/- each Fully Paid-up	2,000	2,000
6100 Equity shares of Sattelite Engg. Ltd. of Rs. 10/- each Fully Paid-up	122,000	122,000
Less : Provision for Dimunition in value of investment	(64,660)	-
	57,340	122,000
500 Equity Shares of Jaicrop Limited of Rs. 10/- each Fully Paid-up	55,000	55,000
12200 Equity Shares of Uni Royal Textile Ltd. (Rs. 10/- each Fully Paid-up)	122,000	122,000
Less : Provision for Dimunition in value of investment	(76,250)	-
	45,750	122,000
400 Equity Shares of Federal Bank Ltd. (Rs. 10/- each Fully Paid-up)	36,000	36,000
100 Equity Shares of Liberty Shoes Ltd. (Rs. 100/- each Fully Paid-up)	9,900	9,900
2400 Equity Shares of Bharat Immunological Biological Corporation Ltd. (Rs. 10/- each Fully Paid-up)	24,000	24,000
120 Equity Shares of Bajaj Finance Ltd. (Rs. 100/- each Fully Paid-up)	39,000	39,000
<b>Total Quoted Cost (A)</b>	<b>268,990</b>	<b>409,900</b>
<b>MARKET VALUE OF QUOTED INVESTMENTS</b>	<b>771,530</b>	<b>660,118</b>
National Saving Certificate (Pledge with the Govt.) Face Value	40,400	40,400
<b>Total Unquoted Cost (B)</b>	<b>40,400</b>	<b>40,400</b>
Aggregate Amount of Total Investment (A+B)	309,390	450,300
Total Provision For Dimunition In Value of Investments	(140,910)	-

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>		
	<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 11- Deferred Tax Assets (Net)</b>	NIL	NIL
<p>Note 11.1 The company has substantial amount of unrecognized MAT credit of Rs. 591.72 lacs and 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&amp;L account of the company. MAT credit is not recognized as a measure of prudence.</p>		
<b>NOTE 12 - LONG TERM LOAN AND ADVANCES</b>	<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>Unsecured, considered Good</b>		
A) Security Deposits - Unsecured considered good	7,458,598	5,313,220
	<b>7,458,598</b>	<b>5,313,220</b>
<b>NOTE 13 - OTHER NON-CURRENT ASSET</b>		
Pre- operative expenses	16,409,788	7,996,880
	<b>16,409,788</b>	<b>7,996,880</b>
<b>NOTE 14 - INVENTORIES</b>		
(As taken ,valued & certified by the management)		
A) Raw Material	164,241,324	132,889,200
B) Work In Process	26,360,605	18,904,411
C) Finished Goods	182,730,628	121,756,370
D) Stock-in-Trade	-	-
E) Consumables, Stores & Spares	37,761,112	35,754,503
F) Scrap	8,772,537	9,124,129
	<b>419,866,206</b>	<b>318,428,613</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>		
	<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 14.1 - PARTICULARS OF INVENTORY</b>		
<b>Particulars</b>	<b>Closing Inventory</b>	<b>Opening Inventory</b>
<b>Manufactured Goods</b>		
Granite Slabs		
Polished	180,407,580	114,755,811
Cut To Size	1,329,070	4,963,130
Blocks	789,329	1,601,517
Marble Slabs		
Polished	-	127,970
Cut To Size	-	251,511
Natural Sandstone		
Polished	204,650	56,431
<b>Total</b>	<b>182,730,629</b>	<b>121,756,370</b>
<b>WIP</b>	<b>Closing WIP</b>	<b>Opening WIP</b>
Granite Slabs	26,360,605	18,717,956
Natural Sandstone	-	186,455
<b>Total</b>	<b>26,360,605</b>	<b>18,904,411</b>
<b>NOTE 15 - TRADE RECEIVABLES</b>		
<i>Unsecured, Considered Good</i>		
A) Trade Receivables Outstanding for more than six months	61,460,636	60,715,993
B) Trade Receivables (Others)	127,283,672	140,162,573
	<b>188,744,308</b>	<b>200,878,566</b>
<b>Note 15.1</b> All Trade Receivables are likely to be realized within twelve months from the date of Balance Sheet.		
<b>Note 15.2</b> Trade Receivables of Rs. 1101607/- (previous year Rs. 4,46,828/-) are to be realized from related parties which have been included in Trade Receivables (Others)		



<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>		
	<b>31.03.2014</b>	<b>31.03.2013</b>
<b>NOTE 16 - Cash &amp; Bank Balances</b>		
<b>A) Cash &amp; Cash Equivalents</b>		
Cash On Hand	2,512,095	3,831,937
Balances with Banks		
- Current Account	11,960,106	34,388,306
<b>B) Other Bank Balances (More Than 3 Months)</b>		
FDRs with Bank	2,455,529	36,306,272
	<b>16,927,730</b>	<b>74,526,515</b>
<b>Note : 16.1</b> FDR's includes Deposits which are pledged against BG/LC Rs. 1412529/- (Previous Year Rs. 1,306,507/-)		
<b>Note : 16.2</b> FDR's includes Deposits which are pledged against BG/LC Rs. 1043000/-		
<b>NOTE 17 - SHORT TERM LOAN AND ADVANCES</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
Advances Recoverable in Cash or Kind		
Cenvat & Input Tax Credit	33,601,975	28,025,253
Advances To Vendors	40,750,189	28,007,712
Advances To Others	51,073,828	100,702,169
Capital Advances	1,588,818	6,776,878
TDS Receivable	1,115,808	1,045,249
Advance Income Tax	17,377,000	18,000,000
Service Tax Receivable	3,805,314	3,404,768
Security Deposits, consider good (Current Portion)	13,340,016	7,608,731
	<b>162,652,948</b>	<b>193,570,760</b>
<b>Note : 17.1</b> Advances To Others includes Rs. 2,90,39,167/- (Previous Year Rs. 8,26,20,049/- ) with Related Parties.		
<b>NOTE 18- OTHER CURRENT ASSETS</b>		
Prepaid expenses	411,453	509,099
Accrued Interest	396,414	228,134
	<b>807,867</b>	<b>737,233</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>			
		<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 19 - REVENUE FROM OPERATIONS</b>			
<b>Sale of Product</b>			
Granite		784,926,349	871,965,191
Marble		11,325,455	7,682,531
Natural Stone		3,950,892	4,333,073
<b>Other operating revenue</b>			
Scrape Sale		994,136	319,242
Sales of DEPB License		-	-
Export Incentives (Duty Drawback)		617,642	755,727
<b>Revenue from operations (gross)</b>		<b>801,814,474</b>	<b>885,055,764</b>
LESS: Excise Duty		3,150,607	2,544,331
<b>Revenue from operations (Net)</b>		<b>798,663,867</b>	<b>882,511,433</b>
<b>NOTE 20 - OTHER INCOME</b>			
Interest Income		8,802,962	8,164,162
Profit on Sales of Vehicle		530,599	-
Net Exchange Rate Fluctuation		19,504,159	11,369,948
<b>Other Non-Operating Income (Net of Expenses)</b>			
Provision Written Back		-	309,020
CST Refund		678,416	968,100
Dividend Received		466	820
Insurance Claim Received		1,083,522	676,570
Misc. Income		363,247	4,254,339
Misc. Balances Written-Off		3,590,522	3,380,783
		<b>34,553,893</b>	<b>29,123,742</b>
<b>Note 20.1</b> Rebates, claims and discount etc on sales are accounted for and being provided for as and when settled with the parties as per consistent policy adopted by the Company every year.			

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>				
			<b>31.03.2014</b>	<b>31.03.2013</b>
<b>NOTE 21 - COST OF RAW MATERIALS CONSUMED</b>				
Opening Stock			132,889,199	100,896,885
Add: Purchases Less Returns			333,568,076	289,622,117
Less: Closing Stock			164,469,624	132,889,199
<b>Total</b>			<b>301,987,651</b>	<b>257,629,804</b>
<b>NOTE 21.1 - PARTICULARS OF RAW MATERIALS CONSUMED</b>				
Granite Block			299,388,750	255,414,043
Marble Block			228,300	470,768
Natural Stone			2,370,601	1,744,993
<b>Total</b>			<b>301,987,651</b>	<b>257,629,804</b>
<b>NOTE 22 - PURCHASE OF STOCK IN TRADE</b>				
Slabs Trading Purchase			39,516,235	91,333,465
Block Trading Purchase			312,385	245,295
Finishing and Block Dressing Expense			140,214	
<b>Total</b>			<b>39,968,834</b>	<b>91,578,760</b>
<b>NOTE 22.1 - PARTICULARS OF TRADING PURCHASES</b>				
Granite			32,369,799	86,936,932
Marble			7,599,035	4,641,828
Natural Stone			-	-
<b>Total</b>			<b>39,968,834</b>	<b>91,578,760</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>			
		<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 23 - CHANGES IN INVENTORIES OF FINISHED GOODS , WIP</b>			
<b>Opening Stock</b>			
Work in Process		18,904,411	27,647,268
Finished Goods		121,756,370	136,392,680
Stock of Trading Goods		-	410,873
Material In Transit		-	-
Scraps		9,124,129	8,917,649
		<b>149,784,910</b>	<b>173,368,470</b>
<b>Less : Closing Stock</b>			
Work in Process		26,360,605	18,904,411
Finished Goods		182,730,629	121,756,370
Stock of Trading Goods		-	-
Material In Transit		-	-
Scraps		8,772,537	9,124,129
		<b>217,863,771</b>	<b>149,784,910</b>
<b>(Increase)/Decrease</b>		<b>(68,078,861)</b>	<b>23,583,560</b>
<b>NOTE 24 - MANUFACTURING EXPENSES</b>			
Consumption of Stores, Spares & Consumables		199,679,419	163,033,210
Blade Brazing Expenses		309,344	382,003
Power & Fuel Expenses		46,746,010	41,709,311
Entry Tax		877,970	257,617
Factory Expenses		2,259,701	2,276,265
Freight Charges		217,558	288,423
Royalty Expenses		102,675	-
Slurry & Trans. Expenses		4,230,741	3,906,583
Repairs & Maintenance			
- Plant & Machineries		1,674,484	1,855,663
- Building		-	-
		<b>256,097,901</b>	<b>213,709,075</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>			
		<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
<b>NOTE 25 - EMPLOYEE BENEFITS EXPENSES</b>			
Factory Wages & Allowances		18,133,599	20,015,268
Salary & Allowances		21,381,920	19,453,961
Director's Remuneration		4,800,000	5,256,834
Staff & Labour Welfare Expenses		3,803,914	2,126,539
Contribution to PF, ESI, Gratuity Fund etc.		5,569,603	9,328,287
		<b>53,689,036</b>	<b>56,180,889</b>
<b>NOTE 26 - FINANCE COSTS</b>			
Interest On Vehicle loan		1,535,719	1,827,800
Interest on Machinery Loan		1,076,347	-
Interest to Others		21,245	4,467
Interest On Income Tax		571,961	1,043,240
Interest On PCFC		680,204	-
Interest Paid on late fees		-	1,962
Interest On TDS		33,618	16,085
Bank Charges		2,637,011	1,279,354
		<b>6,556,105</b>	<b>4,172,908</b>
<b>NOTE 27 - OTHER EXPENSES</b>			
<b>A) ADMINISTRATIVE EXPENSES</b>			
Auditor's Remuneration		280,900	284,711
Auditor's Expenses & Reimbursement		275,921	174,871
Boarding & Lodging Exp		587,647	711,604
Books & Periodicals		12,205	12,750
Business & Guest Expenses		771,524	532,440
Computer Exp.		155,906	160,010
Conveyance		642,228	718,865
Custody Charges		35,193	35,595
Dead Rent (Mines)		96,250	
Demand & Penalty		86,517	-
Director's Travelling Expenses		6,260,840	6,529,008
Donation		26,502	21,500
Foreign Exchange Fluctuation		1,917,205	-
Fees, Subscription & Membership		810,777	691,410
Festival & Pooja Expenses		319,990	247,218
Diwali Expenses		148,106	153,116

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>			
		<b><u>31.03.2014</u></b>	<b><u>31.03.2013</u></b>
Fire Fitting Expenses		-	20,180
Container Driver Tips		-	83,860
Garden Maintenance		95,890	74,038
Guest Expenses		491,961	257,657
Insurance Expenses		607,131	455,261
Internet Expenses		87,248	126,516
Lease Rent		-	526
Legal Expenses		218,360	435,054
Listing Fees		48,861	39,913
Light & Water		13,462	24,367
Interest on Royalty		3,946	-
Interest on Service tax		111,856	-
Medical Expenses		94,167	40,171
Miscellaneous Articles W/off		486,949	2,100
Miscellaneous Exp		206,988	281,121
Office Expenses		822,951	990,276
Penalty on Demand		5,000	-
Postage & Courier		1,291,196	1,174,027
Professional Charges		2,259,940	515,748
Provision for Diminution of Investment		140,910	-
Printing & Stationery		758,778	771,001
Rates & Taxes		2,132,239	1,835,008
Recruitment & Training		27,375	8,009
Service tax expenses		183,868	6,705
Quarry Exp		-	163,164
Telephone Expenses		1,769,652	1,542,568
Travelling Expenses		3,654,552	3,254,273
Typing & Photocopy Expenses		48,234	83,325
Vehicle Exp - Repairs & Maintenance		4,548,261	3,205,514
Repair & Maintenance Others		143,023	574,058
Share Transfer Expense		11,236	22,664
Software Development Expenses		-	60,842
Security Service Charges		2,928,897	1,236,296
Xerox M/C Hiring Charges		58,946	-
		<b>35,679,588</b>	<b>27,557,340</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>				
			<b>31.03.2014</b>	<b>31.03.2013</b>
<b>B) SELLING &amp; DISTRIBUTION EXPENSES</b>				
Advertisement Expenses			106,827	42,968
Commission & Brokerage			1,515,207	739,869
Discount on Sales			4,794,395	696,273
Exhibition Expenses			4,634,300	4,105,418
Freight & Forwarding on Sales			61,077,213	75,452,692
Freight & Forwarding - TR			3,814,296	16,266,783
Incentive On Block Marketing			227,212	361,341
Insurance - Marine			802,528	720,383
Analysis and testing expense			34,462	-
Loading Expenses			10,000	25,415
Packing - Trading			193,000	864,500
Sales Promotion Expenses			24,402	43,245
Royalty Expenses on Sales			486,140	-
			<b>77,719,982</b>	<b>99,318,887</b>
<b>TOTAL</b>			<b>113,399,570</b>	<b>126,876,227</b>
<b>NOTE 28 - Value of Imported &amp; Indigenous Material</b>				
	<b>31.03.2014</b>		<b>31.03.2013</b>	
	<b>Amount</b>	<b>% of Consumption</b>	<b>Amount</b>	<b>% of Consumption</b>
Raw Materials				
Imported	17,923,810	5.94	15,218,092	5.91
Indigenous	284,063,842	94.06	242,411,712	94.09
<b>Total</b>	<b>301,987,651</b>	<b>100.00</b>	<b>257,629,804</b>	<b>100.00</b>
Stores, Spares & Consumables				
Imported	113,027,694	56.60	81,228,075	49.82
Indigenous	86,651,725	43.40	81,805,135	50.18
<b>Total</b>	<b>199,679,419</b>	<b>100.00</b>	<b>163,033,210</b>	<b>100.00</b>

<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>				
<b>NOTE 29 - Value of Imports on CIF Basis in Respect of :</b>			<b>31.03.2014</b>	<b>31.03.2013</b>
(A) Raw Materials			30,923,625	15,645,440
(B) Stores, Spares & Consumables				
Steel Blade			34,059,594	28,095,151
Steel Grit			53,557,747	47,244,892
Polishing Stone			12,715,382	2,477,981
Imported Store & Spares			5,262,103	4,462,768
Others			6,987,102	-
(C) Capital Goods			99,755,962	1,369,244
<b>Total</b>			<b>243,261,515</b>	<b>99,295,476</b>
<b>NOTE 30 - Particulars of Payment To Auditors</b>				
Audit Fee ( Including Service Tax)			230,338	234,149
Limited review			50,562	50,562
Reimbursement of Expenses			275,921	174,871
<b>Total</b>			<b>556,821</b>	<b>459,582</b>
<b>NOTE 31 - Expenditure in Foreign Currency</b>				
Foreign Travelling			80,150	637,068
Exhibition expenses			2,038,531	0
Commission			0	122,320
<b>Total</b>			<b>2,118,681</b>	<b>759,388</b>
<b>NOTE 32 - Earnings in Foreign Exchange</b>				
FOB Value of Exports			728,926,803	810,752,036
Others			-	-
<b>Total</b>			<b>728,926,803</b>	<b>810,752,036</b>
<b>NOTE 33 - Earnings Per Share</b>				
No. of Equity Shares (Weighted Average)			1,351,500	1,351,500
Profit After Tax			74,676,341	86,463,883
Earnings Per Share (Basic & Dilutive)			<b>55.25</b>	<b>63.98</b>
Note- The Company has only one Class of Equity Shares having a par value of Rs. 10 per shares. Each holder of equity shares is entitled to one vote per share.				
<b>Note - 34</b> 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.				
<b>Note 35</b> There are no reportable segments as per AS-17.				



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014**

**NOTE 36 - Related parties information is as under – AS 18**

(a) Key Management Personnel	<p>Shri J.P. Agarwal (Chairman &amp; Managing Director)</p> <p>Shri Kapil Agarwal (Executive Director)</p> <p>Sh Amit Agarwal (Director)</p>
(b) Relatives	<p>Ankit Agarwal</p> <p>Ashish Agarwal</p> <p>Bhola Ram Agarwal</p> <p>Geeta devi Agarwal</p> <p>Kanika Agarwal</p> <p>Leela Devi Agarwal</p> <p>Preeti Agarwal</p> <p>Rahul Agarwal</p> <p>Sarita Agarwal</p> <p>Shruti Agarwal</p>
(c) Entities in which key management personnel and their relatives are interested.	<p>Amit Granite</p> <p>Ankit Buildmart</p> <p>Dhawal Marbles</p> <p>Geetanjali Education Society</p> <p>Geetanjali Foundation</p> <p>Geetanjali Buildtech Private Limited</p> <p>Geetanjali Infosystems (P) Ltd</p> <p>Geetanjali Institute of technical studies</p> <p>Geetanjali Investech Holdings Pvt Ltd,</p> <p>Geetanjali Marble</p> <p>Geetanjali University Trust</p> <p>J P Marble</p>

	J P Agarwal HUF					
	Kapil Exports					
	Krishna Marble					
	Lakecity Housing & Development Finance P.Ltd.					
	Ojaswi Marbles and Granites (P) Ltd.					
	Pacific Dental College					
	Pacific Educaton Society					
	Pacific Export					
	Pacific Leasing And Research Private Limited					
	Pearl Exports					
	Pearl real home developer					
	Rahul Awas yojna p. Ltd.					
	Rahul Marbles Private Limited					
	Rajat Hotels & Resorts Private Limited					
	Rameshwar Agencies					
	Ruchita Exports					
	Shruti Syntheices Ltd.					
	Trinity Infopark Private Limited					
	Vishal Agarwal					
	Yash Processor Pvt. Ltd					
Particulars	Referred in (a)		Referred in (b)		Referred in (c)	
	Above (Rs. in Lacks)		Above (Rs. in Lacks)		Above (Rs. in Lacks)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Purchases	0.00	0.00	0.00	0.00	280.96	11.28
Purchase of Fixed Assets	0.00	0.00	0.00	0.00	115.36	0.00
Sales	0.00	0.00	0.00	0.00	4.01	22.97
Salary	48.00	52.57	1.00	24.00	0.00	0.00
Payables/(Advance)	-11.11	-79.80	-48.29	-17.30	-438.64	-154.56
Loan Taken	0.00	0.00	0.00	0.00	289.60	230.10
Loan Repaid	0.00	0.00	0.00	0.00	257.61	519.42
Loan Outstanding as on 31 -	0.00	0.00	0.00	0.00	262.50	230.50

	<b>NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2014</b>
	<b>Note 37</b> - Debit & Credit Balances appearing under Sundry Debtors, Advance Receivables in Cash or in Kind , Unsecured Loans, Sundry Creditors are subject to confirmation & reconciliation. Adjustment, if any, in these accounts will be made as & when finally reconciled & confirmed. Trade Receivables & Trade Payables have been taken at their Book Value after making necessary adjustment on account of foreign exchange fluctuation except in cases of some old balances lying in account.
	<b>NOTE 38 - Contingent Liabilities &amp; Commitments</b>
	<b>Contingent Liabilities</b>
	<b>(A)</b> Claims against the company not acknowledge as debt.
	A.1 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.
	A.2 Service Tax refund claim rejection of Rs 11.02 lacs against which the company is perusing the matter with concerned department.
	A.3 The company has a total demand of Rs. 15.21 lacs for Entry Tax out of which the company has deposited Rs. 7.60 Lacs under protest. For rest of the amount of Rs 7.61 Lacs the company is perusing the matter with concerned department.
	A.4 The company has a total demand of Rs. 43.89 lacs from Sales Tax Department against which the company has deposited Rs. 21.95 Lacs under protest. For rest of the amount of Rs 21.95 Lacs the company is perusing the matter with concerned department.
	A.5 Demand Raised by the Central Excise Commissionerate of Rs 1.11 Crores/- against which Rs 55.96 Lacs is deposited by the company. The Said Matter has been taken to the High Court and the petition is still pending.
	<b>(B)</b> Guarantees - NIL
	<b>(C)</b> Other Contingent Liabilities
	C.1 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.
	C.2 (a) 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.
	<b>Commitments</b> - NIL
	<b>NOTE 39</b> - Previous years figures have been regrouped and rearranged wherever considered necessary.

AS PER AUDIT REPORT OF OUR EVEN DATE

For A. Bafna & Co.

Chartered Accountants

Firm Reg. No. 003660C

(Sd/-)

CA Vivek Gupta

Partner

M.No. 400543

Place: Udaipur

Date: 30th May, 2014

For and on behalf of the Board

Pacific Industries Ltd.

(Sd/-)

J.P. Agarwal

Chairman and Managing

(Sd/-)

Kapil Agarwal

Executive Director

**PACIFIC INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2014**

	PARTICULARS	<u>31.03.2014</u>		<u>31.03.2013</u>	
	<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
	<b>Net Profit before extraordinary items &amp; tax as per Profit and Loss Account</b>		94,340,171		108,954,277
	Adjusted for:				
	Profit on Sale / Discard of Assets (net)	(530,599)			
	Depreciation and Amortization Expense	31,102,754		28,061,133	
	Decrease in Provision for Gratuity	(2,035,720)			
	Provision for Diminution of Investments	140,910			
	Interest Income	(8,802,962)		(8,164,162)	
	Interest Paid	3,919,094		2,893,554	
	Other Financial Expenses	2,637,011		1,279,354	
	Pre operative expenses written off				
	Pre-Operative Depreciation	3,893,747	30,324,235	1,741,896	25,811,775
	<b>Operating Profit before Working Capital Changes</b>		<b>124,664,406</b>		<b>134,766,052</b>
	Adjusted for:				
	Trade and Other Receivables	12,134,258		(28,280,815)	
	Inventories	(101,437,593)		(15,255,620)	
	Current Assets	22,451,673		(7,492,120)	
	Current Liabilities	62,544,307	<b>(4,307,355)</b>	73,943,860	22,915,305
	<b>Cash Generated from Operations</b>		<b>120,357,051</b>		<b>157,681,357</b>
	Taxes Paid		(22,047,576)		(11,453,487)
	Earlier Year Tax Demand		(311,627)		(442,818)
	<b>Net Cash from Operating Activities</b>		<b>97,997,848</b>		<b>145,785,052</b>
	<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
	Purchase of Fixed Assets	(165,663,268)		(43,236,278)	
	Sale of Fixed Assets	1,874,635		-	
	Interest Income	8,802,962		8,164,162	
	Loans and Advances	(2,145,378)			
	<b>Net Cash (used in) Investing Activities</b>		<b>(157,131,049)</b>		<b>(35,072,116)</b>

	<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>			
	Receipt/Repayment of Borrowings	8,090,525	(49,881,964)	
	Dividends Paid (including dividend distribution tax)			
	Interest Paid	(3,919,094)	(2,893,554)	
	Other Financial Expenses	(2,637,015)	(1,279,354)	
	Net Cash (used in) / from Financing Activities	<b>1,534,416</b>		<b>(54,054,872)</b>
	<b>Net Increase in Cash and Cash Equivalents</b>	<b>(57,598,785)</b>		<b>56,658,064</b>
	<b>Opening Balance of Cash and Cash Equivalents</b>		74,526,515	17,868,451
	<b>Closing Balance of Cash and Cash Equivalents</b>		<b>16,927,730</b>	<b>74,526,515</b>
	<b>AS PER OUR AUDIT REPORT OF EVEN DATE</b>			
	<b>For A. Bafna &amp; Co.</b>		<b>For and on behalf of the Board</b>	
	<b>Chartered Accountants</b>		<b>Pacific Industries Ltd.</b>	
	<b>Firm Reg. No. 003660C</b>			
	<b>(Sd/-)</b>			
	<b>(Vivek Gupta)</b>	<b>(Sd/-)</b>	<b>(Sd/-)</b>	
	<b>Partner</b>	<b>J.P. Agarwal</b>	<b>Kapil Agarwal</b>	
	<b>M.No. 400543</b>	<b>Chairman and Managing Director</b>	<b>Executive Director</b>	
	<b>Place: Udaipur</b>			
	<b>Date: 30th May, 2014</b>			

**PACIFIC INDUSTRIES LIMITED**

**Corporate information**

“Pacific Industries Limited” is a public Limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is engaged in manufacturing of Granites & Marble Slabs. In the current Financial year 2012-13, the company has expanded its line of business to mining of granite blocks operation which is carried out under a unit of company located in Chennai. The Company is having 100% EOU & caters huge demand of Foreign Markets for Granite & Marbles Slabs.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

**(1) General / Basis of Preparation :**

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 under 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:**

- (i) Investments are classified into current and long term investment.
- (ii) 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.
- (iii) 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 payable to employees, who are eligible are accounted for on the basis of actuarial valuation received from Life Insurance Corporation of India and leave encashment payable to employees, who are eligible are accounted for on the basis as it becomes due for payment on the last date 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 at the yearend or 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.



**ATTENDANCE SLIP**

**Pacific Industries Limited**

**Registered Office:** Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka).

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

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Company to be held at Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka).  
on Monday the 30<sup>th</sup> September, 2014 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 : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka).

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being member(s) of **Pacific Industries Limited** hereby appoint Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her Mr./ Ms. of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the Company to be held at Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka) on Monday the 30<sup>th</sup> September, 2014 at 10.00 A. M. and at any adjournment thereof.

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

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

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

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Affix Rs. One Revenue  
Stamp

Signature

**# Applicable for shares held in physical form.**

**\* Applicable for shares held in dematerialized form.**

**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.