

CORPORATE INFORMATION
Board of Directors

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

Board Committees

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

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

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

Bankers: BANK OF BARODA Main Branch, Opposite Town Hall, Udaipur
Regd. Office Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural) Bangalore-562123 (Karnataka) E-mail: pacificind@rediffmail.com URL: www.pacificindustriesltd.com
Plant Location
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

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Chairman's Statement

Dear Shareholders,

My warm greetings to all of you.

Global economy witnessed its own challenges in the year 2011-12 due to various macroeconomic environment factors. The economy in fact has shown signs of recovery from the unprecedented financial crisis and the recovery is likely to mature over the coming years.

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

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

In this challenging environment, your Company achieved an overall growth during the year 2011-12 in which turnover of your Company was 5810.79 lakh as compared to 6077.34 lakh for the last year 2010-11. The PAT was Rs. 449.82 lakh as compared to Rs. 356.29 lakh for the last year 2010-11.

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

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

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

Place : Udaipur

Dated : 28.08.2012

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

TWENTY THIRD ANNUAL GENERAL MEETING**NOTICE**

Notice is hereby given that the 23rd Annual General Meeting of the members of Pacific Industries Limited will be held on Saturday, September 29, 2012 at 10.00 A. M. at Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka) to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit & Loss Account of the Company for the year ended on that date together with the Cash Flow Statement and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. S.M. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Jayanti Oza, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board of Directors of the Company to fix their remuneration. M/s. A. Bafna & Company, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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

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

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

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

Bedla Udaipur

28th August 2012

Registered Office

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

Sd/-

(J. P. Agarwal)
Chairman & Managing Director



Notes :

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

- i) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd September, 2012 to Friday, 29th September, 2012, both days inclusive.
- j) Shareholders desiring any information as regards Audited Annual Accounts are requested to write to the Company at an early date (at least ten days before the date of meeting) so as to enable the Management to keep the information ready at the meeting.
- k) Member who still have their holdings in physical form are requested to convert them into dematerialized form (under ISIN No. **INE883C 01025**) at the earliest.
- l) SEBI vide its circular ref. no MRD/ DoP/Cir-05/2009 dated 20.05.2009 has clarified that for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish a copy of PAN card to the Company / RTAs for registration of such transfer of shares irrespective of the amount of such transaction.

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

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

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

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

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

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

The Company has not taken up any step on the Special Resolution passed in the earlier AGMs re. Voluntary Delisting hence consent of the Share Holders is being sought in the ensuing 23rd AGM by way of Special Resolution, as per the requirement of SEBI (Delisting of Securities) Guidelines, 2003 and / or any other enactment / guideline(s) as may be in force from time to time for Voluntary Delisting of Equity Shares of the Company.

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

The Board recommends the annexed Resolution for your approval.

Bedla Udaipur

28th August 2012

Registered Office

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

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



Annexure to the Notice

Details of the Directors seeking re-appointment / appointment in the

Twenty Third Annual General Meeting

(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. S.M. Agarwal	Mr. Jayanti Oza
Date of Birth	03.01.1941	25.05.1943
Date of Reappointment	30.09.2009	30.09.2009
Special Expertise	Business Management	Business Management
Qualifications	M.B.A.	M.B.A.
Directorships in other Companies	NIL	NIL
Chairman/Member of Committees of Companies	NIL	NIL

PACIFIC INDUSTRIES LTD.
DIRECTORS' REPORT - 2011 - 12

Dear Members,

Your Directors present the 23rd Annual Report of the working of the Company along with the statement of accounts and the Auditors' Report for the year ended 31st March, 2012.

1. Financial Results

PARTICULARS	Year ended	Year ended
	31.03.2012	31.03.2011
	(Audited)	(Audited)
	[Rs. in Lac]	
Turnover	5810.79	6077.34
Profit/ (Loss) before Tax	564.35	456.08
Less: Provision for Income Tax		
- Current Tax	114.53	93.49
- Prior period Tax expenses	0	0
Net Profit (Loss) after Tax	449.82	356.29
Add: Profit/ (Loss) brought forward from previous year	3558.82	3202.52
Profit available for Appropriation	4008.64	3558.82
Net Profit (Loss) carried forward	4008.64	3558.82

2. Business Results

Your Company achieved a turnover of Rs. 5810.79 lakh during the period under review. This was mainly due to the moderate demand in the global market. The Net Profit after Tax of the Company is Rs. 449.82 Lakh as against Rs. 356.29 Lakh in the previous year.

3. Dividend

Your directors have not recommended any dividend for the year 2011-2012 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 28, 2012.

5. Statutory Disclosures

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

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

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

7. Particulars of Employees

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

8. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled as 'Corporate Governance' has been included in this Annual Report, along with the reports on 'Management Discussion and Analysis' and 'Shareholder Information'. All board members and senior management personnel have affirmed compliance to the Code of Conduct for the FY 2011-12.

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

9. Capital Investments

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

10. Fixed Deposits

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

11. Investor Services

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

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

12. Human Capital

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

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

Training

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

Your Company had 255 employees on roll as on 31st March, 2012.

13. Corporate Social Responsibility

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

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

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

14. Directors

Mr. S.M. Agarwal and Mr. Jayanti Oza, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The necessary resolution are presented in Annual General Meeting for your approval.

15. Auditors and Auditor's Report

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



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

16. Note of Appreciation

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

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

Bedla Udaipur
28th August 2012

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

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

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:

A. Power and Fuel Consumption	Current Year 31.03.2012	Previous Year 31.03.2011
1. Electricity		
(a) Purchased Units (Kwh)	6710720	6867480
Total Amount (Rs.)	37175937	35076478
Rate per unit (Rs.)	5.54	5.11
(b) Own Generation		
Through Diesel Generators		
Units (Kwh)	446436	434931
Units per litre of Diesel Generators	2.50	2.49
Cost per unit (Rs.)	15.37	14.20
2. Coal	N/A	N/A
3. Furnace Oil	N/A	N/A
4. Other Internal Generation	N/A	N/A
B. Consumption per unit of Production		
	Polished Granites	
Unit	Slabs/Tiles	Slabs/Tiles
Production	325766	361420
Electricity/Sq. Mtr (Kwh)	21.97	20.20

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

	(Rs. in Lacs)	
	Current Year 2011-2012	Previous Year 2010-2011
F.O.B. Value of Export of Finished Goods	4463.33	5694.45
C.I.F. Value of Imports		
(a) Raw Materials (Consumables)	676.60	797.27
(b) Capital Goods	0.00	0.00
Expenses in Foreign Currency	0.00	5.43

FOR AND ON BEHALF OF THE BOARD

Sd/-
[KAPIL AGARWAL]
Director

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

PLACE: UDAIPUR
DATE: August 28, 2012

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

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

Auditors' Certificate on Compliance of conditions of Corporate Governance

To
The Members of
Pacific Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Pacific Industries Limited ("the Company") for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Sd/-
M. K. Gupta
(Partner)

Memb. No: 73515

Place : Bedla, Udaipur

Date: 28.08.2012

Corporate Governance Report for the year 2011-12

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

Governance Philosophy

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

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

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

A. BOARD OF DIRECTORS:

BOARD COMPOSITION

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

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

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

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

* Retire by rotation at the ensuing Annual General Meeting.

Notes:

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

Role:

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

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

Attendance of each director at the Board meetings and last AGM and Chairmanship and membership of committees in other public company as on 31st March, 2012.

Sl. No.	Name of Director	Category	Financial Year 2011-12 attendance at		No. of Directorship in other public companies		No. of Committee position held in other public companies	
			Board Meeting	Last AGM held on 30 th September, 2011	Chairman	Member	Chairman	Member
1.	Mr. J. P. Agarwal	Executive Promoter	10	N	-	-	-	-
2.	Mr. Devendra Maltwal	Executive, Non independent	10	Y	-	-	-	-
3.	Mr. Kapil Agarwal	Executive, Non independent	9	N	-	-	-	-
4.	Mr. S. M. Agarwal	Independent, Non-executive	8	Y	-	-	-	-
5.	Mr. Jayanti Oza	Independent, Non-executive	8	N	-	-	-	-
6.	Mr. Sumit Agarwal	Independent, Non-executive	8	N	-	-	-	-
7.	Mr. Amit Agarwal	Independent, Non-executive	7	Y	-	-	-	-
8.	Mr. Mangi Lal Dangri*	Independent, Non-executive	8	Y	-	3	3	-

* Holding directorship and committee positions at Shruti Synthetics Limited.

Details of Board Meetings held during the Financial Year 2011-2012:

Sl. No.	Date of Meeting	Board Strength	No. of Directors present
1	12-05-2011	8	6
2	14-05-2011	8	8
3	20-05-2011	8	8
4	10-08-2011	8	8
5	12-08-2011	8	5
6	31-08-2011	8	7
7	12-11-2011	8	4
8	14-11-2011	8	8
9	10-02-2012	8	8
10	12-02-2012	8	6

Scheduling and selection of Agenda items for Board Meetings:

During the Financial Year 2011-2012, 10 (ten) Board Meetings were held. The notice of the meeting specifying the day, date, time and full address of the venue of the meeting was given to all the Directors at the address provided by them or at their usual addresses in India, maintaining the statutory norms regarding notice period. The agenda along with the notes, draft resolution of the items to be approved were sent well in advance to all the Directors, so that they come prepared to offer advice and guidance during the meeting. The agenda of each Board Meeting was finalised after consultation with the Managing Director as well as the Senior Management Team Members.

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

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

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

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

B. AUDIT COMMITTEE

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

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

The Audit Committee comprises of 3 independent directors, all of whom have relevant finance and audit exposure. During the year under review, 4 (four) Audit Committee meeting were held on 16.05.2011, 27.08.2011, 15.11.2011 and 06.02.2012.

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

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

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

The Audit Committee has the following powers:

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

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

C. REMUNERATION COMMITTEE

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

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

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

Criteria for making payment to Directors of the Company:

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

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

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

The Remuneration Committee comprises of three independent directors, The composition of the Committee as on 31st March 2012 is as follows:

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

During the year 2011-2012, no meeting of the Committee was held.

Details of remuneration paid to the Directors during 2011-12 are as follows:

I. Non-Whole time Directors

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

II. Managing Director Executive & Whole Time director:

Name & Designation of Director	Consolidated Salary (Rs. Lakhs)	Perquisites and Other Benefits (Rs. Lakhs)	Company's Contribution towards Provident Fund, Gratuity & Superannuation	Total (Rs. Lakhs)
Mr. J.P. Agarwal, C.M.D.	24.00	--	0.36	24.36
Mr. Kapil Agarwal, E.D.	24.00	--	0.36	24.36
Mr. Devendra Maliwal, E.D.	5.41	--	0.44	5.85
Period of contract of Managing Director	3 years w.ef. 30.09.2011			
Period of contract of Whole-Time Director	3 years w.ef. 23.07.2011			
Period of contract of Executive Director	3 years w.ef. 24.09.2011			



Shareholding of the Directors in the Company as on 31st March 2012:

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

D. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE

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

The composition of the Shareholders' Grievance Committee as on 31st March, 2012 is given below:

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

During the year 2011-12, the Shareholders / Investors Grievance Committee of PIL met twelve times on 22.04.2011, 14.05.2011, 30.06.2011, 07.07.2011, 13.08.2011, 15.09.2011, 28.10.2011, 4.11.2011, 19.12.2011, 25.01.2012, 22.02.2012, 19.03.2012.

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

Telephone No. **+91-294-2440933**

Fax No. **+91-294-2440780**

Email **pacificinvestor@rediffmail.com**

Shareholder/Investor Complaints

Complaints pending as on 1 st April, 2011	Nil
Complaints Received during 1 st April 2011 to 31 st March 2012	79
Complaints disposed off during the year ended 31 st March 2012	79
Complaints Pending as on 31 st March, 2012	NIL

E. 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
2008-09		30.09.2009 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 1
2009-10	Village Bedla, Udaipur -313004, Rajasthan (India)	30.09.2010 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 1
2010-11		30.09.2011 at 10.00 a.m.	Ordinary Resolutions - 4 Special Resolution- 3

For the year ended 31st March 2012, the shareholders of the Company did not pass any ordinary or special resolution by postal ballot.

F. DISCLOSURES -

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

G. CEO/CFO CERTIFICATION

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

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

H. MEANS OF COMMUNICATION

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

General Shareholder Information:
AGM Details

Date	29th September, 2012
Venue	Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural) Bangalore - 562123 (Karnataka).
Time	10.00 a.m.
Book Closure Date	Saturday, 22 nd September, 2011 to Saturday, 29 th September, 2012, both days inclusive.
Dividend Payment Date	Company has not declared any dividend for the F.Y. 2011-12

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

Financial Calendar

Financial Year 2012-2013		
1	Year ending	31 March 2013
2	AGM	September 2013
3	First Quarter Results	July/August 2012
4	Second Quarter & Half Yearly Results	October/November 2012
5	Third Quarter Results	January/February 2013
6	Annual Results	April/May 2013

Listing on Stock Exchanges (with Stock Code)

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

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

Market Information:

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

Month	High	Low	Close
April, 2011	200.00	160.00	171.50
May, 2011	184.95	151.00	169.75
June, 2011	185.00	152.10	168.85
July, 2011	185.00	164.10	168.70
August, 2011	180.00	155.00	170.00
September, 2011	190.00	161.05	165.00
October, 2011	179.00	162.15	167.00
November, 2011	180.85	157.50	161.60
December, 2011	170.00	149.00	154.90
January, 2012	167.90	148.15	159.10
February, 2012	176.95	153.00	165.00
March, 2012	164.40	127.45	129.55

Name and address of Registrar & Share Transfer Agent

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W), Mumbai-400078.

Tel.:022-25963838

Fax: 022-25946969

E-mail: mumbail@linkintime.co.in



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

Share Transfer System

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

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

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

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

As on 31st March, 2012, a total of 981738 shares of the Company, which forms 72.64% of the total shares, stands dematerialized. The processing activities with respect to the requests received for dematerialisation are completed within 15 days from the date of receipt of request.

Distribution of Shareholding as on 31st March, 2012

No. of ordinary shares held	No. of shareholders	%	No. of shares	%
1 - 500	18801	99.35	428112	31.67
501 - 1000	50	0.26	35170	2.60
1001 - 10000	60	0.32	251950	18.66
10001 and above	12	0.07	636268	47.07
Total	18923	100.00	1351500	100.00



Categories of Shareholding as on 31st March, 2012

No. of ordinary shares held	No. of shares	%
Promoters	558560	41.33
UTI, Banks and Mutual Funds	6440	0.47
Financial Institutions	10	0.00
Corporate Bodies	102146	7.47
FII/NRIs / OCBs	8045	0.59
Resident Individuals	676299	50.14
Total	1351500	100.00

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.

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

Address for correspondence

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

E-mail: pacificinvestor@rediffmail.com

URL : www.pacificindustriesltd.com

Code of Conduct for Directors and Senior Management Personnel:

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

I hereby confirm that:

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

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY

A. GLOBAL ECONOMIC CONDITION:

Growth Prospects

- The world economy continues to face challenges on the road of sustained recovery. Advanced economies that seemed to be shaping well at the start of 2011 lost steam towards the fag-end of the year and this uncertainty is clouding the prospects for global growth during 2012. The growth momentum was impacted as the protracted debt crisis in the euro area and fiscal fragilities dampened business and consumer confidence.

The economic crisis and its ramifications have accelerated the shift of economic power from the developed to the emerging nations and exposed a fragile world with limited capacity to respond to systematic risks. The consequence has been volatile and low growth which is likely to stay for some time to come.

Near term, the growth prospects for 2012-2013 remain uncertain, with growth petering out in the euro area and moderating in the emerging markets, while a better-than-expected recovery is shaping up in the US. The baseline scenario suggests that global growth may continue to be low in 2012, with a recession in the euro area as the region makes the much needed fiscal adjustment. The competition for the limited opportunities, led to socio-political tensions, increasing protectionism, reassessment of regulation and more importantly, heightened competition for scarce natural resources.

Overview of Indian Economy

After a rebound in growth in 2010-11, the Indian Economy slowed down to 6.5% in fiscal 2011-12. This was the lowest annual growth in the last 9 years and was sub-par in comparison to not just the pre-crisis years upto 2008 but also compared to immediate post crisis period.

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.

B. OPPORTUNITIES:

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

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



C. THREATS:

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

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

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

D. OUTLOOK:

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

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

E. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

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

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

Despite the challenges of the environment and the strategic drive to integrate and transform, the organization financial performance was strong. Company achieved a turnover of Rs. 5810.79 lakh during the period under review in comparison to the last year 2010-11 i.e., Rs. 6077.33 lakh. The Net Profit after Tax of the Company is Rs.449.82 Lakh as against Rs.356.29 Lakh in the previous year.



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

Your Company has 255 employees on its rolls as on 31st March, 2012. 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.

H. CAUTIONARY STATEMENT

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

For Pacific Industries Limited.

Sd/-

(J. P. Agarwal)

Chairman & Managing Director

PLACE: Bedla, Udaipur

DATED: 28/08/2012

AUDITORS REPORT

To,
The Members,
Pacific Industries Limited

We have audited the attached Balance Sheet of M/s PACIFIC INDUSTRIES LIMITED as at 31st March, 2012 and also the annexed Statement of Profit & Loss and Cash Flow Statement of the company for the year ending on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books
3. The balance sheet and profit & loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
4. In our opinion, the balance sheet, statement of profit & loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act 1956 except:- (a) Accounting Standard 15 : Employee Benefits & (b) Accounting standard 11: The effects of changes in foreign exchange rates w.r.t old balances.
5. On the basis of written representations received from directors, as on 31.03.2012 and taken on record by the Board of the Directors, we report that none of the director is disqualified as on 31.03.2012 from being appointed as a director in terms of clause 'g' of sub-section (1) of section 274 of the companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us the said accounts and read together with other accounting policies & notes on financial statements subject to

- a. Refer Note No. 4 & 8 in Notes On Financial Statements regarding Employee Benefits.
- b. Refer Note No. 11 in Notes On Financial Statements regarding accounting for taxes.
- c. 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 reconciliation / confirmation of the same may affect our disclosure.

give the information required by the companies Act, 1956 in manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of Balance Sheet of the state of affairs of the company as at March 31, 2012 and
- b) In case of Statement of Profit & Loss of the profit of the Company for the year ended on that date.
- c) In the case of Cash Flow statement of the cash flows for the year ended on that date.

For A. Bafna & Company

(Chartered Accountants)

FRN:- 003660C

Sd/-

(M.K.Gupta)

Partner

M.No. 73515

Place: UDAIPUR

Date: AUGUST 28, 2012



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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, Fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets; no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial / major part of the fixed assets.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is adequate looking the size and affairs of the Company.
- (b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records have been appropriately dealt with in the books of accounts.
- (iii) (a) The company has not granted unsecured loan to parties covered in the register maintained under section 301 of the companies act, 1956. Hence the sub-clause (b), (c), (d) of clause (iii) of the order is inapplicable.
- (e) The company has taken interest free unsecured loans from 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.80,268,033/- and the year end balance of loan taken from such parties was Rs. 51,982,033/- .
- (f) In our opinion, terms & conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (g) According to the information & explanation the unsecured loans taken are repayable on demand and there is no repayment schedule and the company is regular in making payment of principal amount and interest due on loans taken by it wherever stipulation for its repayment has been made.



- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls,
- (v) (a) According to the information and explanation given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, such transactions in respect of any party listed in the register maintained under Section 301 of the companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
- (vi) According to the information and explanation given to us, the company has not accepted any deposits from the public. Therefore the provision of clause (vi) of paragraph 4 of the order are not applicable to the company.
- (vii) In our opinion, the company does not have an internal audit system commensurate with the size and nature of its business.
- (viii) 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) (a) To the best of our knowledge and information obtained and verifications made, we report that the company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, and other material statutory dues applicable to it, except few delays. There are no undisputed amount payable in respect of such dues which have remained outstanding as at 31st march 2012 for a period exceeding six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no pending dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which are not deposited on account of any dispute.



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



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

For A. Bafna & Company
(Chartered Accountants)

FRN :- 003660C

Sd/-

(M.K. Gupta)

Partner

M.No. 073515

Place : UDAIPUR

Date : AUGUST 28 ,2012

**PACIFIC INDUSTRIES LIMITED
BALANCE SHEET AS ON 31.03.2012**

PARTICULARS	NOTES	31.03.2012	31.03.2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	[1]	13,515,000	13,515,000
Reserves & Surplus	[2]	400,864,306	355,882,081
		414,379,306	369,397,081
NON CURRENT LIABILITIES			
Long-Term Borrowings	[3]	137,756,434	82,615,845
Long Term Provision	[4]	11,442,573	8,143,928
		149,199,007	90,759,773
CURRENT LIABILITIES			
Short Term Borrowings	[5]	-	9,244,337
Trade Payable	[6]	149,446,741	127,827,966
Other Current Liabilities	[7]	132,644,850	133,685,503
Short Term Provision	[8]	15,151,526	12,128,021
		297,243,117	282,885,827
TOTAL		860,821,430	743,042,692
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	[9]	166,605,969	178,910,956
Non-Current Investments	[10]	450,300	450,300
Deferred Tax Assets (Net)	[11]	-	-
Long-Term loans and advances	[12]	7,588,536	7,306,133
		174,644,805	186,667,389
CURRENT ASSETS			
Inventories	[13]	303,172,992	259,962,972
Trade Receivable	[14]	172,597,751	165,728,283
Cash and Bank Balances	[15]	17,868,451	13,119,387
Short-term loans & advances	[16]	191,894,919	117,103,933
Other current assets	[17]	642,512	460,722
		686,176,625	556,375,297
TOTAL		860,821,430	743,042,692

Contingent Liabilities & Commitments [38]

Significant Accounting Policies and Notes on Financial Statements [1-38]

AS PER AUDIT REPORT OF OUR EVEN DATE
For A. Bafna & Co.
Chartered Accountants
Firm Reg. No. 003660C

For and on behalf of the Board
Pacific Industries Ltd.

S/d
(M.K. Gupta)
Partner
M.No. 73515
Place: Udaipur
Date: 28th August, 2012

S/d
J.P. Agarwal
Managing Director

S/d
Kapil Agarwal
Director

PACIFIC INDUSTRIES LIMITED
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED ON 31.03.2012

Income

Revenue from operations (gross)	[18]	584,002,484	611,024,509
LESS: Excise Duty		2,923,458	3,290,581
Revenue from operations (Net)		581,079,026	607,733,928
Other Income	[19]	32,720,526	2,190,487
TOTAL REVENUE (I)			

Expenses

Cost of materials consumed	[20]	182,520,722	210,662,451
Purchase of Stock in trade	[21]	29,207,064	24,685,690
(Increase)/Decrease in Inventories	[22]	17,479,932	(8,314,982)
Manufacturing expenses	[23]	182,183,850	177,058,204
Employee Benefit expenses	[24]	47,911,869	39,517,207
Finance Cost	[25]	2,527,697	4,332,065
Depreciation/Amortisation expenses	[9]	26,803,284	34,128,655
Other expenses	[26]	68,729,422	82,247,457

TOTAL EXPENSES (II)

Earnings before Tax		56,435,711	45,607,668
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Tax expenses of continuing operations

Current Tax		11,453,487	9,348,540
Payment of earlier year tax demand		-	629,402
Profit / (loss) for the period from continuing operations		44,982,224	35,629,726

Basic & Diluted Earning Per Share	[33]	33.28	26.36
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Significant Accounting Policies and

Notes on Financial Statements [1-38]

AS PER OUR AUDIT REPORT OF EVEN DATE

For A. Bafna & Co.

Chartered Accountants

Firm Reg. No. 003660C

 For and on behalf of the Board
 Pacific Industries Ltd.

 S/d
 (M.K. Gupta)
 Partner

 S/d
 J.P. Agarwal
 Managing Director

 S/d
 Kapil Agarwal
 Director

M.No. 73515

Place: Udaipur

Date: 28th August, 2012

PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI did not have any impact on recognition and measurement principles followed for preparation of financial statements. However, it has significantly impacted the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

Figures are rounded off to the nearest rupees.

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 1 - SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
25000000 Equity Shares @ Rs. 10 each (25000000)	250,000,000	250,000,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
1351500 Equity Shares of Rs. 10 each (1351500)	13,515,000	13,515,000
	<u>13,515,000</u>	<u>13,515,000</u>

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

	<u>31.03.2012</u>	<u>31.03.2011</u>
Equity Shares		
At the beginning of the Period	1,351,500	1,351,500
Add:- Issued during the Period	-	-
Outstanding at the end of the period	<u>1,351,500</u>	<u>1,351,500</u>

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.

C. SHARES HELD BY EACH SHAREHOLDERS HOLDING MORE THAN 5% SHARES AS ON 31.03.2012

S.No.	Name of the shareholder	<u>31.03.2012</u>		<u>31.03.2011</u>	
		No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
1	GEETA DEVI AGARWAL	189,421	14.02%	189,421	14.02%
2	KAPIL AGARWAL	134,635	9.96%	134,635	9.96%
3	LALITA DEVI MODI	73,884	5.47%	14,800	1.09%

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 2 - RESERVE AND SURPLUS		
SURPLUS/PROFIT & LOSS ACCOUNT		
Balance as per last financial statements	355,882,081	320,252,355
Profit for the year	44,982,224	35,629,726
Net Surplus in the statement of Profit & Loss	<u>400,864,306</u>	<u>355,882,081</u>
Total Reserve and Surplus	<u>400,864,306</u>	<u>355,882,081</u>

PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 3 - LONG TERM BORROWINGS		
A) TERM LOANS		
Secured Vehicle Loan from Banks		
ICICI Bank	5,812,130	-
HDFC Bank	34,684	2,420,845
Net Amount	<u>5,846,814</u>	<u>2,420,845</u>
Amount Disclosed under the head "Other Current Liabilities"	5,314,030	3,374,468

Note 3.1

(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.

--- All the above Loans are secured by way of Hypothecation of respective assets.

B) LOAN AND ADVANCES FROM SHARE HOLDERS, DIRECTORS & ASSOCIATES.

LOANS-UNSECURED

From Related Parties	51,982,033	8,195,000
From Companies	77,700,000	70,000,000
From Other Parties	-	NIL
Securities Deposits from Customers	2,227,587	2,000,000

TOTAL LONG TERM BORROWINGS

137,756,434 **82,615,845**

NOTE 4 - Long Term Provisions

Provision for employee benefits

Provision for Gratuity

11,442,573 8,143,928

11,442,573 **8,143,928**

Note 4.1 - The company has provided Gratuity provision on accrual method as it will become payable on accounting year's end. This provisioning method is not according to Accounting Standard - 15 Employee Benefits issued by the Institute of Chartered Accountants of India. The impact of difference between provisions made & required to be made as suggested by in AS-15 is unascertainable.

NOTE 5 - SHORT TERM BORROWINGS

From Related Parties

From Other Parties

-

3,716,750

-

5,527,587

-

9,244,337

PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 6 - TRADE PAYABLES		
Sundry Creditors		
For Material	79,908,611	86,400,424
For Expenses	30,766,208	25,928,791
For Others	38,771,922	15,498,751
TOTAL TRADE PAYABLES	<u>149,446,741</u>	<u>127,827,966</u>

Note 6.1 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 reliably 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.

NOTE 7 - OTHER CURRENT LIABILITIES

Current maturities of long term borrowings & Hire Purchase Loans	5,314,030	3,374,468
Interest accrued but not due on borrowings	64,099	31,009
Payable for Capital Assets	20,266,030	20,138,530
Other liabilities	9,291,369	3,052,003
Security Deposits	66,656	68,838
Statutory Dues	2,534,241	836,823
Advances from Customers	88,190,385	98,227,317
Credit Balance of Bank	426,457	1,838,712
Outstanding Liabilities	6,491,583	6,117,803
	<u>132,644,850</u>	<u>133,685,503</u>

NOTE 8 - SHORT TERM PROVISIONS

Provision for employee benefits		
Provision for Bonus & Ex-gratia	2,208,409	1,459,136
Provision for Leave Encashment	1,489,630	1,320,345
Provision for Income Tax	11,453,487	9,348,540
	<u>15,151,526</u>	<u>12,128,021</u>

Note 8.1 - The company has provided Leave Encashment provision on accrual method as it will become payable on accounting year's end. This provisioning method is not according to Accounting Standard - 15 Employee Benefits issued by the Institute of Chartered Accountants of India. The impact of difference between provisions made & required to be made as suggested by in AS-15 is unascertainable.



PACIFIC INDUSTRIES LTD
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

NOTE 9 - Tangible Assets

Particulars	Gross Block		Depreciation		Net Block	
	As at 01.04.2011	As At 31.03.2012	For the period	Adjustment For Depreciation	As At 31.03.2012	As At 01.04.2011
Land						
Leasehold Land	125,130	125,130			125,130	125,130
Freehold Land	29,883,659	29,883,659			29,883,659	29,883,659
Building	83,821,818	84,211,280	3,425,768		41,664,414	44,700,720
Plant & Machinery	548,597,245	548,662,414	19,170,630		67,094,629	86,200,090
Furniture & Fixture	7,182,767	7,696,123	406,193		2,023,051	1,915,888
Vehicle	25,704,115	34,589,199	3,800,694	4,645,226	20,989,767	11,260,151
Mining Equipment	96,506,367	96,506,367			91,681,049	4,825,318
Total	791,821,401	801,674,172	26,803,284	4,645,226	166,605,969	178,910,956

**PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012**

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 10- NON CURRENT INVESTMENTS		
Non trade		
Investment in Corporate Bodies, Unquoted, fully paid up		
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
500 Equity Shares of Jalcrop Limited of Rs. 10/- each Fully Paid-up	55,000	55,000
12200 Equity Shares of Uni Royal Textile India Limited of Rs. 10/- each Fully Paid-up	122,000	122,000
400 Equity Shares of Federal Bank Ltd. of Rs. 10/- each Fully Paid-up	36,000	36,000
100 Equity Shares of Liberty Shoes Ltd. of Rs. 10/- each Fully Paid-up	9,900	9,900
2400 Equity Shares of Bharat Immunosil Limited of Rs. 10/- each Fully Paid-up	24,000	24,000
120 Equity Shares of Bajaj Auto Finance Ltd. of Rs. 10/- each Fully Paid-up	39,000	39,000
Total Quoted Cost (A)	409,900	409,900
MARKET VALUE OF QUOTED INVESTMENTS	414,356	702,521
National Saving Certificate (Pledge with the Govt.) Face Value	40,400	40,400
Total Unquoted Cost (B)	40,400	40,400
TOTAL INVESTMENTS (A+B)	450,300	450,300
NOTE 11- Deferred Tax Assets (Net)	NIL	NIL

Note 11.1 The company has b/f amount of unabsorbed depreciation and substantial amount of unrecognized MAT credit of Rs. 67,961,667/- 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&L account of the company. MAT credit is not recognized as a measure of prudence. However the figures of the Deferred Tax liabilities / Assets as on 31.03.2012 is as under:-

Particulars	<u>31.03.2012</u>	<u>31.03.2011</u>
Deferred Tax Liabilities		
Difference in Books & IT Depreciation	-	-
Deferred Tax Assets		
Difference in Books & IT Depreciation	4,187,502	1,318,605
Expenses Debited in Statement of Profit and Loss But To Be allowed in Subsequent Years in Income Tax	2,065,960	3,548,230
Unabsorbed Loss / Depreciation	804,003	17,343,523
Net Deferred Tax Assets	7,057,465	22,210,358

**PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012**
NOTE 12 - LONG TERM LOAN AND ADVANCES

Unsecured, considered Good

A) Security Deposits - Unsecured considered good

	<u>31.03.2012</u>	<u>31.03.2011</u>
	7,588,536	7,306,133
	<u>7,588,536</u>	<u>7,306,133</u>

NOTE 13 - INVENTORIES

(As taken, valued & certified by the management)

A) Raw Material

B) Work In Process

C) Finished Goods

D) Stock-in-Trade

E) Consummables, Stores & Spares

F) Scraps

100,896,885	42,274,439
27,647,268	26,976,281
136,392,680	154,682,938
410,873	NIL
28,907,637	26,840,132
8,917,649	9,189,183
<u>303,172,992</u>	<u>259,962,972</u>

NOTE 13.1 - PARTICULARS OF INVENTORY
Particulars
Maunufactured Goods

Granite Slabs

Polished

Cut To Size

Marble Slabs

Polished

Cut To Size

Natural Sandstone

Polished

Total
Trading Goods

Granite Slabs

Polished

Total
WIP

Granite Slabs

Natural Sandstone

Total

	Closing Inventory	Opening Inventory
	130,865,634	145,834,759
	4,963,130	6,062,752
	204,303	495,045
	251,511	494,799
	108,102	1,795,582
	<u>136,392,680</u>	<u>154,682,938</u>
	410,873	0
	<u>410,873</u>	<u>0</u>
	<u>WIP</u>	<u>WIP</u>
	27,594,011	26,128,229
	53,257	848,052
	<u>27,647,268</u>	<u>26,976,281</u>

** Figures in Brackets Indicates Previous Years' Figures.

**PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012**

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 14 - TRADE RECEIVABLES		
Unsecured, Considered Good		
A) Trade Receivables Outstanding for more than six months	44,817,125	47,398,090
B) Trade Receivables (Others)	127,780,626	118,330,192
	172,597,751	165,728,283

Note 14.1 All Trade Receivables are likely to be realized within twelve months from the date of Balance Sheet.

NOTE 15 - Cash & Bank Balances

A) Cash & Cash Equivalents		
Cash On Hand	4,176,979	2,513,378
Balances with Banks		
- Current Account	4,587,535	8,961,566
B) Other Bank Balances (More Than 3 Months)		
FDRs with Bank	9,103,937	1,644,443
	17,868,451	13,119,387

Note : 15.1 FDR's Includes Deposits which are pledged against Margin Money Rs. 1,208,051/- (Previous Year Rs. 1,118,525/-)

Note : 15.2 FDR's includes Deposits of Rs. 1,187,728/- (Previous Year Rs. 1,118,525/-) with maturity of more than 12 months.

NOTE 16 - SHORT TERM LOAN AND ADVANCES

UNSECURED, CONSIDERED GOOD

Advances Recoverable In Cash or Kind

Cenvat & Input Tax Credit	19,609,320	11,548,658
Advances To Vendors	112,304,577	41,041,078
Advances To Others	18,651,831	23,075,011
Capital Advances	35,133,318	35,689,839
TDS Receivable	638,148	890,803
Advance Income Tax	700,000	-
Service Tax Receivable	3,251,273	3,517,194
Security Deposits, consider good (Current Portion)	1,606,452	1,341,352
	191,894,919	117,103,935

Note : 16.1 Advances to Vendors include Rs. 100,609,999/- (Previous Year Rs. 46,555,435/-) with Related Parties.

Note : 16.2 Advances To Others includes Rs. 17,56,640/- (Previous Year Rs. 25652/-) with Related Parties.

NOTE 17- OTHER CURRENT ASSETS

Prepaid expenses	218,680	278,322
Accrued Interest	423,832	182,400
	642,512	460,722

NOTE 18 - REVENUE FROM OPERATIONS

Sale of Product

Granite	560,829,443	573,127,279
Marble	11,028,525	23,981,274
Natural Stone	10,638,067	13,098,057

Other operating revenue

Scrape Sale	315,000	104,465
Sales of DEPB License	999,830	713,434
Export Incentives (Duty Drawback)	191,619	-

Revenue from operations (gross)

	584,002,484	611,024,509
--	--------------------	--------------------

LESS: Excise Duty	2,923,458	3,290,581
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Revenue from operations (Net)

	581,079,026	607,733,928
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**PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012**

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 19 - OTHER INCOME		
Interest Income	4,260,883	1,088,917
Profit on Sales of Vehicle	762,372	-
Net Exchange Rate Fluctuation	17,356,865	-
<u>Other Non-Operating Income (Net of Expenses)</u>		
Provision Written Back	216,036	-
CST Refund	568,003	149,659
Dividend Received	6,602	503,188
Insurance Claim Received	80,400	152,664
Mics Income	839,309	296,059
Mics Balances Written-Off	8,630,056	-
	<u>32,720,526</u>	<u>2,190,487</u>

Note 19.1 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.

NOTE 20 - COST OF RAW MATERIALS CONSUMED

Opening Stock	42,274,439.00	41,301,594
Add: Purchases Less Returns	240,927,969	211,635,296
Less: Closing Stock	<u>100,681,685</u>	<u>42,274,439</u>
	<u>182,520,722</u>	<u>210,662,451</u>

NOTE 20.1 - PARTICULARS OF RAW MATERIALS CONSUMED

Granite Block	180,287,497	202,933,941
Marble Block	745,070	3,419,863
Natural Stone	1,488,155	4,308,647
Total	<u>182,520,722</u>	<u>210,662,451</u>

NOTE 21 - PURCHASE OF STOCK IN TRADE

Slabs Trading Purchase	29,207,064	24,685,690
	<u>29,207,064</u>	<u>24,685,690</u>

NOTE 21.1 - PARTICULARS OF TRADING PURCHASES

Granite Slabs	26,856,178	19,902,326
Marble Slabs	2,350,886	3,981,387
Natural Slabs	-	801,977
Total	<u>29,207,064</u>	<u>24,685,690</u>

PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS , WIP		
Opening Stock		
Work in Process	26,976,281	37,966,334
Finished Goods	154,682,938	134,818,871
Stock of Trading Goods	-	-
Material In Transit	-	496,096
Scraps	9,189,183	9,252,119
	190,848,402	182,533,420
Less : Closing Stock		
Work in Process	27,647,268	26,976,281
Finished Goods	136,392,680	154,682,938
Stock of Trading Goods	410,873	-
Material In Transit	-	-
Scraps	8,917,649	9,189,183
	173,368,470	190,848,402
Increase/(Decrease)	17,479,932	(8,314,982)

NOTE 23 - MANUFACTURING EXPENSES

Consumption of Stores, Spares & Consumables	137,916,406	134,390,766
Power & Fuel Expenses	37,244,937	35,076,478
Blade Brazing Expenses	345,685	270,794
Finishing & Block Dressing Expenses	19,410	98,241
Entry Tax	205,825	260,078
Factory Expenses	1,658,194	1,252,584
Freight Charges	336,331	322,229
Slurry & Trans. Expenses	3,087,800	3,014,135
Repairs & Maintenance		
- Plant & Machineries	1,369,262	2,372,899
- Building	-	-
	182,183,850	177,058,204

NOTE 24 - EMPLOYEE BENEFITS EXPENSES

Factory Wages & Allowances	16,022,917	13,556,416
Salary & Allowances	15,670,881	15,166,818
Director's Remuneration	5,340,915	5,163,660
Staff & Labour Welfare Expenses	1,718,866	1,508,041
Contribution to PF, ESI, Gratuity Fund etc.	9,158,290	4,122,272
	47,911,869	39,517,207

NOTE 25 - FINANCE COSTS

Interest Expense		
Interest On Car Loan	520,796	643,657
Interest On TDS	22,462	20,482
Interest On Income Tax	769,097	1,572,490
Interest Paid on late fees	1,802	1,956
Interest paid on Cash/Packing Credit	7,514	902,231
Interest to Others	24,736	-
Other Borrowing Cost		
Bank Charges	1,181,290	1,191,249
	2,527,697	4,332,065



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

NOTE 26 - OTHER EXPENSES
A) ADMINISTRATIVE EXPENSES

A.G.M. Expenses	
Auditors's Remuneration & Expenses	
Bad Debts	
Boarding & Lodging Exp	
Books & Periodicals	
Business & Guest Expenses	
Computer Exp.	
Container Driver Tips	
Conveyance	
Deduction on CST Refund	
Deduction on Service Tax - Export Refund	
Deduction on VAT Refund	
Demand & Penalty	
Director's Travelling Expenses	
Divwall Expenses	
Donation	
Excise Overtime	
Fees, Subscription & Membership	
Festival & Pooja Expenses	
Fire Fitting Expenses	
Garden Maintenance	
Guest Expenses	
Insurance Expenses	
Internet Expenses	
Lease Rent	
Legal Expenses	
Listing Fees	
Light & Water	
Net Exchange Rate Fluctuation	
Net Loss on Derivatives (Forward Contracts)	
Medical Expenses	
Miscellaneous Articals W/off	
Miscellaneous Exp	
Office Expenses	
Postage & Courier	
Professional Charges	
Printing & Stationery	
Rates & Taxes	
Recruitment & Training	
Quarry Exp	
Telephone Expenses	
Travelling Expenses	
Typing & Photocopy Expenses	
VAT Ineligible Input Tax	
Vehicle Exp - Repairs & Maintenance	
Repair & Maintenance Others	
Share Transfer Expense	
Software Development Expenses	
Watch & Ward Exp	
Xerox M/C Hiring Charges	

31.03.2012 31.03.2011

2,515	2,200
255,553	258,678
-	3,586,345
669,963	914,173
9,516	8,768
389,902	621,484
179,819	144,250
80,350	65,350
710,711	710,745
21,272	153,027
264,005	56,062
326,100	274,615
119,361	98,903
4,716,297	5,882,929
73,584	80,270
23,001	569,000
-	175,000
470,519	842,383
278,822	235,583
29,684	3,419
87,793	114,643
606,427	524,983
354,948	238,081
162,030	138,730
83,183	400,000
457,679	256,938
59,212	88,866
15,833	54,525
-	200,253
218,407	-
55,954	193,010
3,255	130
75,131	95,646
641,351	527,763
967,366	738,107
443,855	249,619
605,176	539,185
13,901	31,499
10,107	-
366,435	105,099
1,642,577	1,806,350
2,337,303	2,195,859
24,086	10,650
250,046	171,960
3,660,227	2,919,661
729,124	521,813
66,513	92,941
6,674	40,490
762,156	785,037
51,671	59,368
23,379,394	27,784,390

B) SELLING & DISTRIBUTION EXPENSES

Advertisement Expenses	
Commission & Brokerage	
Discount on Sales	
Compensation	
Exhibition Expenses	
Freight & Forwarding on Sales	
Freight & Forwarding - TR	
Incentive On Block Marketing	
Insurance - MARINE	
Loading Expenses	
Packing - TRADING	
Sales Promotion Expenses	

47,872	14,614
1,805,547	1,668,351
946,544	2,099,793
714,567	-
5,120,611	1,937,321
31,422,130	44,142,813
3,122,680	2,552,140
330,215	370,911
918,577	1,137,041
34,460	32,965
865,500	429,115
21,325	78,003
45,350,028	54,463,067

TOTAL

68,729,422 82,247,457

**PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012**

NOTE 27 - Value of Imported & Indigenous Material

	<u>31.03.2012</u>		<u>31.03.2011</u>	
	<u>Amount</u>	<u>% of Consumption</u>	<u>Amount</u>	<u>% of Consumption</u>
Raw Materials				
Imported	6,176,396	3.38	7,129,465	3.38
Indigenous	176,344,326	96.62	203,532,986	96.62
Total	182,520,722	100	210,662,451	1.00
Stores, Spares & Consumables				
Imported	74,572,945	54.07	79,336,869	59.03
Indigenous	63,343,461	45.93	55,053,897	40.97
Total	137,916,406	100	134,390,766	1.00
Capital Goods				
Imported	-	-	-	-
Indigenous	-	-	-	-
Total	-	-	-	-

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 28 - Value of Imports on CIF Basis in Respect of :		
(A) Raw Materials	9,588,882	3,944,844
(B) Stores, Spares & Consumables		
Steel Blade	22,006,950	20,986,681
Steel Grit	40,108,870	39,362,453
Polishing Stone	7,905,719	10,555,148
Imported Store & Spares	6,614,040	4,877,657
(C) Capital Goods		0
Total	86,224,461	79,726,783

NOTE 29 - Particulars of Payment To Auditors

Audit Fee (Including Service Tax)	137,875	137,875
Tax Audit Fee		
Limited review	66,180	66,180
Taxation Matters		
Company Law Matters		
Management & Other Services		
Reimbursement of Expenses	51,498	54,623
Total	255,553	258,678

NOTE 30 - Expenditure in Foreign Currency

Foreign Travelling	802,555	202,680
Commission	0	339,824
Total	802,555	542,504



PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

	<u>31.03.2012</u>	<u>31.03.2011</u>
NOTE 31 - Earnings In Foreign Exchange		
FOB Value of Exports	554,082,094	569,445,133
Others		
	<u>554,082,094</u>	<u>569,445,133</u>

NOTE 32 - Earnings Per Share		
No. of Equity Shares (Weighted Average)	1,351,500	1,351,500
Profit After Tax	44982224	35629726
Earnings Per Share (Basic & Dilutive)	<u>33.28</u>	<u>26.36</u>

NOTE 33 - Prior Period Adjustments

Following Items have been included in respective heads :-

Freight Charges	-	17,428
Freight & Forwarding on Sales	(145,731)	39,035
Telephone expenses	8,744	-
Postage & Courier	22,240	-
Legal Expenses	149,500	19,200
Factory Wages	26,612	-
Deduction on service tax	62,185	-
Power & Electricity	69,000	-
Exhibition Expenses	-	30,677
Repair & Maintenance - Plant & Machinery	-	4,560
Net Foreign Exchange Fluctuation	-	(32,895)
Consumption of Spares	-	(388,403)
Insurance Premium	-	3,632
CST Refund	27,432	(6,525)
Sale of DPEB License	(438,058)	-
Interest Others	11,761	-
Commission	246,730	-
Miscellaneous Expenses	-	19,459
Listing Fees (2009-10)	-	19,373
	<u>40,415</u>	<u>(274,459)</u>

Note 34 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.

Note 35 The Company is operating in only one segment i.e. exports of Granite & Marble; hence there is no reportable segment.

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

(a) Key Management Personnel	Shri J.P. Agarwal (Chairman & Managing Director) Shri Kapil Agarwal (Whole Time Director) Shri Devendra Maliwal (Executive Director)
(b) Relatives	Shri Bhola Ram Agarwal Smt. Leela Devi Agarwal Smt. Geeta Devi Agarwal Ashish Agarwal Rahul Agarwal Ankit Agarwal Preeti Agarwal Shruti Agarwal Sarita Agarwal Kanika Agarwal
(c) Entities in which key management personnel and their relatives are interested.	Rameshwar Agencies Ruchita Exports Kapil Exports Geetanjali Marble Dhawal Marbles & Granites P. Ltd. Ojasw Marbles & Granites P. Ltd. Rahul Marbles P. Ltd Amit Granites Pearl Exports Pacific Leasing & Research Ltd. Pacific Education Society Shruti Synthetics Ltd. J P Marble Pacific Education Society Ankit Buildmart P. Ltd. Geetanjali Infosystem P.Ltd. Geetanjali Institute of Technical Studies Geetanjali Investech Holdings Private Limited Geetanjali University Trust Krishna Marble Lakecity Housing Development P.Ltd Pacific Export Pearl Real Home Developer P. Ltd Rahul Awas Yojna P. Ltd. Rajat Housing Developer P. Ltd. Yesh processors Pvt. Ltd.

Particulars	Referred in (a) Above (Rs. in Lacks)		Referred in (b) Above (Rs. in Lacks)		Referred in (c) Above (Rs. in Lacks)	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Purchases:	0.00	0.00	0.00	0.00	3.86	17.94
Sales:	0.00	0.00	0.00	0.00	5.47	156.45
Salary	53.41	52.64	20.68	0.00	0.00	0.00
Expenses	0.00	0.00	0.00	0.00	0.18	0.17
Payables/Advance Outstanding as	-3.48	0.00	-2.26	-2.67	-50.69	-142.99
Loan Taken	0.00	0.00	0.00	0.0	996.29	1297.67
Loan Repaid	0.00	0.00	0.00	0.00	429.04	1298.05
Loan Outstanding as on 31 - March	0.00	0.00	0.00	0.00	519.82	119.12



PACIFIC INDUSTRIES LIMITED
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31.03.2012

Note 37 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.

NOTE 38 - Contingent Liabilities & Commitments

Contingent Liabilities

(A) 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 3.40 lacs against which the company is perusing the matter with concerned department.

(B) Guarantees NIL

(C) 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.

Commitments

(A) Forward Contracts entered but remaining to be executed Rs: 1,32,18,250 / \$ 250000 (Previous Year Rs. NIL / \$ NIL).

AS PER AUDIT REPORT OF OUR EVEN DATE

For A. Bafna & Co.
Chartered Accountants
Firm Reg. No. 003660C

For and on behalf of the Board
Pacific Industries Ltd.

Sd/-
(M.K. Gupta)
Partner

M.No. 73515
Place: Udaipur
Date: 28th August, 2012

Sd/-
J.P. Agarwal
Managing Director

Sd/-
Kapil Agarwal
Director



PACIFIC INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2012

A: CASH FLOW FROM OPERATING ACTIVITIES:

Net Profit before extraordinary Items & tax as per Profit and Loss Account		56,435,711		45,607,668
Adjusted for:				
Profit on Sale / Discard of Assets (net)	(762,372)			
Depreciation and Amortisation Expense	26,803,284		34,128,655	
Interest Income	(4,260,883)		(1,088,917)	
Interest Paid	1,321,671		3,770,218	
Other Financial Expenses	1,181,290	24,282,990	1,191,249	38,001,205
Operating Profit before Working Capital Changes		80,718,702		83,608,873
Adjusted for:				
Trade and Other Receivables	(6,869,468)		(186,070)	
Inventories	(43,210,020)		(13,025,781)	
Current Assets	(75,255,179)		9,332,982	
Current Liabilities	24,417,855	(100,916,812)	(40,549,821)	(44,428,691)
Cash Generated from Operations		(20,198,110)		39,180,183
Taxes Paid		(9,348,540)		(16,784,519)
Earlier Year Tax Demand				(629,402)

Net Cash from Operating Activities

B: CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	(15,517,927)		(32,671,971)	
Sale of Fixed Assets	1,782,002			
Interest Income	4,260,883		1,088,917	

Net Cash (used In) Investing Activities

C: CASH FLOW FROM FINANCING ACTIVITIES:

Receipt/Repayment of Borrowings	46,273,722		22,195,603	
Interest Paid	(1,321,671)		(3,770,218)	
Other Financial Expenses	(1,181,290)		(1,191,249)	

Net Cash (used in) / from Financing Activities

Opening Balance of Cash and Cash Equivalents.	13,119,387		5,702,043
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AS PER OUR AUDIT REPORT OF EVEN DATE

For A. Bafna & Co.
Chartered Accountants
Firm Reg. No. 003660C

For and on behalf of the Board
Pacific Industries Ltd.

S/d
(M.K. Gupta)
Partner
M.No. 73515
Place: Udaipur
Date: 28.08.2012

S/d
J.P. Agarwal
Managing Director

S/d
Kapil Agarwal
Director





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. 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:

Investments are classified into current and long term investment.

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

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



- (8) **Export Incentive:**
Export incentives on trading export such as import entitlement, advance license are accounted for on the realization/ sale thereof.
- (9) **Employee Benefits:**
(i) Gratuity and leave encashment payable to employees, who are eligible are accounted for on accrual basis as it will become due for payment on last day of accounting year.
(ii) Provident fund paid/ payable during the year is charged to Profit & Loss Account.
- (10) **Inventories:**
(i) Raw materials, stores & spares, consumables are valued at actual cost on FIFO basis.
(ii) Stock-in-process is valued at weighted average cost which includes cost of raw material, stores & spares and other consumable consumed and manufacturing expenses, production overheads and depreciation.
(iii) Finished goods are valued at cost or at estimated realizable value whichever is lower. Cost for this purpose includes raw materials, wages, manufacturing expenses, production overheads and depreciation.
(iv) Scrap is valued at estimated realizable value.
(v) Crazy/ wastage arising out of production is valued at net realizable value.
- (11) **Foreign Currency Transactions:**
(i) Foreign Currency transactions are accounted for at the exchange rate prevailing on the date of such transaction, where such transactions are not covered by forward contracts. Gains/ Losses arising out of the fluctuation in the exchange rate are accounted for on realization.
(ii) Current assets & liabilities are translated at year-end rate. Exchange fluctuation, if any, are adjusted in profit and loss account (except related to fixed assets) during the year and the related current assets and liabilities accordingly restated in the balance sheet.
(iii) In respect of foreign currency taken for acquisition of fixed assets, any fluctuation arising due to such transactions are adjusted in the cost of the respective fixed assets.
- (12) **Taxation**
a) Current tax is the provision made for Income Tax liability, if any on profits in accordance with the provisions of the Income Tax Act, 1961.
b) Deferred tax is recognized on timing differences, being the difference resulting from the recognition of items in the financial statements and in examining the current income tax.
c) Deferred tax assets are recognized on unabsorbed depreciation/ business losses to the extent that there is virtual certainty supported by convincing evidences that sufficient future taxable income will be available against which such deferred tax assets can be realized and on expenses incurred but to be allowed on payment basis as per provision of the Income Tax Act, 1961.
d) Deferred tax assets and liabilities are measured using the tax rate and tax law that have been enacted on the Balance Sheet date.
- (13) **Contingent Liabilities:**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.



PACIFIC INDUSTRIES LIMITED

TWENTY THIRD Annual Report 2011 -12

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 23rd Annual General Meeting of the Company to be held at Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka). on Saturday the 29th September, 2012 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. / Mrs. _____ of _____ in the district of _____ or failing him/her Mr. / Mrs. of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Village : Survey No. 13, Kempalingahalli, Nelamangala Taluk (Rural)Bangalore - 562123 (Karnataka) on Saturday the 29th September, 2012 at 10.00 A. M. and at any adjournment thereof.

Folio No. # _____

DP ID* _____

No. of shares held _____

CLIENT ID* _____

Signed this _____ day of _____, 2012

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.

