

PACT INDUSTRIES LIMITED

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

Financial Highlights – 7 Years at a Glance

(Rs. in Lacs)

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

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NOTICE

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

ORDINARY BUSINESS

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

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

SPECIAL BUSINESS

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

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

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Notes:

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

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

Director

Avtar Singh
DIN: 00570465

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

Mg. Director

Harpreet Singh
DIN: 00570541

PLACE: LUDHIANA

DATE: 05th September, 2014

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

Item no. 5

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

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

None of the directors is interested.

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DIRECTORS' REPORT

Dear Members,

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

FINANCIAL RESULTS

(FIGURES IN LACS)

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

MANAGEMENT DISCUSSIONS AND ANALYSIS OVERVIEW:

a) Business:

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

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

b) Financial Analysis and Review of Operations:

• PRODUCTION AND SALES REVIEW :

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

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

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

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

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• **PROFITABILITY:**

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

RESOURCES UTILISATION:

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

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

• **FINANCIAL CONDITIONS & LIQUIDITY:**

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

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

d) Internal control System:

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

e) MANAGEMENT perception of Risk & Concern:

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

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

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f) Human Resources / Industrial Relations:

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

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

SUBSIDIARIES

The company does not have any subsidiary.

NO DEFAULT

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

DIVIDENDS

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

DIRECTORS

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

AUDITORS

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

AUDITOR'S REPORT

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

SHARE CAPITAL

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

APPOINTMENT OF CSP

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

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

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

COMPLIANCE CERTIFICATE

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

INDUSTRIAL RELATIONS

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

HUMAN RESOURCE DEVELOPMENT

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

PARTICULARS OF EMPLOYEES

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

DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

CORPORATE GOVERNANCE:

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

CODE OF CONDUCT:

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

Declaration affirming compliance of Code of Conduct.

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

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Declaration signed by the Managing Director

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

Place: Ludhiana
Dated: 05th September, 2014
Director

For Pact Industries Limited
(Harpreet Singh)
Managing

ACKNOWLEDGEMENTS

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

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

BY THE ORDER OF THE BOARD
For Pact Industries Limited

Director

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

PLACE: LUDHIANA
DATED: 05th September, 2014

Mg. Director

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